

MAXIMUS

Managed Risk Medical Insurance Board

Contract 02MHF026

Report on Controls in Operation

and

Tests of Operating Effectiveness

February 29, 2008

**REPORT ON CONTROLS IN OPERATION AND TESTS OF
OPERATING EFFECTIVENESS
February 29, 2008**

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SECTION ONE

Independent Service Auditor's Report

SECTION ONE – INDEPENDENT SERVICE AUDITOR’S REPORT

Mr. Bruce Caswell, President, MAXIMUS Operations Group

We have examined the accompanying description of controls related to MAXIMUS in connection with your contract 02MHF026 with the State of California Managed Risk Medical Insurance Board (MRMIB) related to the California Healthy Families program and the Access for Infants and Mothers program (the Programs). Our examination included procedures to obtain reasonable assurance about whether (1) the accompanying description presents fairly, in all material respects, the aspects of MAXIMUS’s controls that may be relevant to the MRMIB’s internal control as they relate to the Programs; (2) the controls included in the description were suitably designed to achieve the control objectives specified in the description, if those controls were complied with satisfactorily and the MRMIB applied the controls contemplated in the design of MAXIMUS’s controls; and (3) such controls had been placed in operation as of February 29, 2008. The control objectives were specified by the management of MAXIMUS. Our examination was performed in accordance with standards established by the American Institute of Certified Public Accountants and included those procedures we considered necessary in the circumstances to obtain a reasonable basis for rendering our opinion.

In our opinion, the accompanying description of the aforementioned controls presents fairly, in all material respects, the relevant aspects of MAXIMUS’s controls in connection with contract 02MHF026 with the MRMIB related to the Programs that had been placed in operation as of February 29, 2008. Also, in our opinion, the controls, as described, are suitably designed to provide reasonable assurance that the specified control objectives would be achieved if the described controls were complied with satisfactorily and the MRMIB applied the controls contemplated in the design of MAXIMUS’s controls.

In addition to the procedures we considered necessary to render our opinion as expressed in the previous paragraph, we applied tests to specific controls, which are presented in Section Three of this report, to obtain evidence about their effectiveness in meeting the related control objectives described in Section Three, during the period from December 1, 2006 to February 29, 2008. The specific controls and the nature, timing, extent, and results of the tests are listed in Section Three. This information has been provided to the MRMIB and to their auditors to be taken into consideration, along with information about the internal control at the MRMIB, when making assessments of control risk for MRMIB. In our opinion the controls that were tested, as described in Section Three, were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives specified in Section Three were achieved during the period from December 1, 2006 to February 29, 2008.

The relative effectiveness and significance of specific controls at MAXIMUS in connection with contract 02MHF026 with the MRMIB related to the Programs and their effect on assessments of control risk at the MRMIB are dependent on their interaction with the controls and other factors present at the MRMIB. We have performed no procedures to evaluate the effectiveness of controls at the MRMIB.

The description of controls at MAXIMUS is as of February 29, 2008, and information about tests of the operating effectiveness of specific controls covers the period from December 1, 2006 to February 29, 2008. Any projection of such information to the future is subject to the risk that, because of change, the description may no longer portray the controls in existence. The potential effectiveness of specific controls at MAXIMUS in connection with contract 02MHF026 with the MRMIB related to the Programs is subject to inherent limitations and, accordingly, errors or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that (1) changes made to the system or controls, (2) changes in processing requirements, or (3) changes required because of the passage of time, may alter the validity of such conclusions.

This report is intended solely for use by the management of MAXIMUS, the State of California Managed Risk Medical Insurance Board (MRMIB), and the auditors of the State of California.

Lurie Besikof Lapidus & Company, LLP

Lurie Besikof Lapidus & Company, LLP

April 23, 2008

SECTION TWO

Description of Controls Provided by MAXIMUS

SECTION TWO – DESCRIPTION OF CONTROLS PROVIDED BY MAXIMUS

Scope of this Report

This report was prepared in accordance with the guidance contained in the American Institute of Certified Public Accountants' Statement on Auditing Standards (SAS) No. 70, "Service Organizations," its amendments and interpretations. This report only encompasses aspects of the services provided or procedures followed by MAXIMUS under their contract number 02MHF026 with the State of California's Managed Risk Medical Insurance Board (MRMIB) related to the California Healthy Families program and the Access for Infants and Mothers program (the Programs).

The description provided by MAXIMUS in Section Two only address the controls related to the processing of transactions under their contract number 02MHF026 with the MRMIB related to the Programs. MAXIMUS has specified its control objectives relating to the processing of transactions processed under its contract number 02MHF026 with the MRMIB related to the Programs. For each control objective, MAXIMUS has indicated controls that are designed to achieve the stated control objective. Information on the nature, timing, and extent of testing conducted by MAXIMUS's independent service auditor, Lurie Besikof Lapidus & Company, LLP (Service Auditor), is provided in Section Three of this report. Unless noted as "Results of Tests" in the "Testing Performed by the Service Auditor" section, there were no significant exceptions in the testing considered to be relevant to the auditors of the MRMIB.

MAXIMUS, Administrative Contractor for the California Healthy Families Program

The MAXIMUS California Healthy Families program and the Access for Infants and Mothers program are located in California and provide administration and computer functions to the MRMIB.

The California Healthy Families program is the California implementation of the Federal State Children's Health Insurance Program (SCHIP), Title XXI Act. The Access for Infants and Mothers program is low-cost health coverage for pregnant women and their newborns implemented by Title 10 California Code of Regulations, Chapter 5.6. The MRMIB contracted with MAXIMUS to act as the Administrative Contractor for the Programs. MAXIMUS is required to perform the administrative functions including the maintenance of case records, invoicing for health care premiums, collection of premiums, and the maintenance of financial records for the administration of the Programs under the direction of the MRMIB as the Administrative Contractor.

MAXIMUS's administrative functions covered under the contract with the MRMIB for the Programs include data systems supporting fully integrated eligibility, enrollment and financial/accounting systems.

Control Activities

Risk Assessment

MAXIMUS (Organization) has placed into operation a risk assessment process to identify and manage risks that could affect the Organization's ability to provide reliable transaction processing for user organizations. This process requires management to identify significant risks in their areas of responsibility and to implement appropriate measures to address those risks. This process has identified risks resulting from the nature of the services the Organization provides, and management has implemented various measures to manage those risks.

Monitoring

The Organization's management and supervisory personnel monitor the quality of internal control performance as a routine part of their activities.

Fraud Prevention and Detection

Assurance that the potential for fraud (unauthorized access to the Organization or participant data) is adequately monitored, mitigated and detected is achieved through segregation of duties and strict adherence to rules, information security policies and practices, and procedures described in this report. Additional assurance is provided by external audits of controls and reconciliation activities.

Information and Communications

Information Systems

Multiple servers and databases support numerous processes from application processing to financial posting.

Controls Overview

Description of Information Systems General Controls

Control Objective 1: Controls provide reasonable assurance that Project Management demonstrates, through attitude, awareness and actions, an atmosphere that enhances the effectiveness of specific policies and procedures. Controls provide reasonable assurance that the Organization structure provides appropriate division of responsibilities. Controls provide reasonable assurance that service levels are defined and managed in a manner that satisfies case management system requirements and provides a common understanding of performance levels with which the quality of services will be measured. Controls provide reasonable assurance that third-party services are secure, accurate and available, support processing integrity and defined appropriately in performance contracts.

Project Oversight Strategy

1. Management has mechanisms to obtain feedback from relevant external stakeholders, business process owners, and end-users regarding the quality and usefulness of IT and IS.
2. The Project monitors its progress against planned performance measures and reacts accordingly to meet established objectives.

Organization and Relationships

3. Directors, managers and technicians have adequate knowledge and experience to fulfill their responsibilities.
4. Key systems and data have been inventoried and their owners identified.
5. Roles and responsibilities of the Organization are defined, documented and understood.
6. Personnel have sufficient authority to exercise the role and responsibility assigned to them.
7. Personnel understand and accept their responsibility regarding internal control.
8. Management has implemented a division of roles and responsibilities (segregation of duties) that reasonably prevent a single individual from subverting a critical process.
9. Staff evaluations are performed regularly (e.g., ensure the IT function has a sufficient number of competent IT staff necessary to achieve objectives). Employees receive their first written performance evaluation after 90 days of employment.
10. Contracted staff and other contract personnel are subject to policies and procedures created to control their activities by the IT function, and to assure the protection of the Project's information assets.
11. Significant IT events or failures, e.g., security breaches, major system failures or regulatory failures, are reported to senior management.

Management of Human Resources

12. Controls are in place to support appropriate and timely responses to job changes and job terminations so that internal controls and security are not impaired by such occurrences.

Educate and Train Users

13. The Project subscribes to a philosophy of continuous learning, providing necessary training and skill development to its members.
14. Established procedures exist for identifying and documenting the training needs of all personnel that use information services in support of the Project.
15. Management provides education and ongoing training programs that include ethical conduct, system security practices, confidentiality standards, integrity standards and security responsibilities of all staff.

Assessment of Risks

16. The Project has an activity-level risk assessment framework.

Manage Facilities

21. Facilities are adequately secured and managed.
22. Data center facilities are equipped with adequate environmental controls to maintain systems and data.

Compliance with External Requirements

23. Control activities are in place and followed to ensure compliance with external requirements, such as regulatory and legal rules.
24. Internal events are considered in a timely manner to support continuous compliance with legal and regulatory requirements.

Management of Quality

25. Documentation is created and maintained for all significant processes, controls and activities.
26. A plan exists to maintain the overall quality assurance of activities, based on the Project plans.
27. Documentation standards are in place, have been communicated to all staff, and are supported with training.

28. A quality plan exists for significant IT functions and it provides a consistent approach to address both general and project-specific quality assurance activities.
29. The quality plan prescribes the type(s) of quality assurance activities (such as reviews, audits, inspections) to be performed to achieve the objectives of the quality plan.
30. The quality assurance process includes a review of adherence to policies, procedures and standards.

Manage Performance and Capacity

31. IT management monitors the performance and capacity levels of the systems and network.
32. IT management has a process in place to respond to suboptimal performance and capacity measures.
33. Performance and capacity planning is included in system design and implementation activities.

Monitoring

34. Performance indicators or benchmarks, from both internal and external sources, have been defined, and data is collected and reported regarding achievement of these benchmarks.
35. Management has established appropriate metrics to effectively manage the day-to-day activities.
36. Management monitors delivery of services to identify shortfalls and responds with actionable plans to improve.

Adequacy of Internal Control

37. Management monitors the effectiveness of internal controls in the normal course of operations through management and supervisory activities, comparisons and benchmarks.
38. Serious deviations in the operation of internal control, including major security, availability and processing integrity events, are reported to senior management.
39. Internal control assessments are performed periodically, using self-assessments, to examine whether or not internal controls are operating satisfactorily.

Internal Audit

40. Agreed-upon Procedures engagements (AUP) are performed based upon approval by the audit committee.

Third-Party Services

41. A designated individual is responsible for regular monitoring and reporting on the achievement of the third-party service level performance criteria.
42. The selection of vendors for outsourced services is performed in accordance with the Project's vendor management policy.
43. Before selection, management determines that potential third parties are properly qualified through an assessment of their capability to deliver the required service.
44. Third-party service contracts address the risks, security controls and procedures for information systems and networks in the contract between the parties.

- 45. Procedures exist and are followed to ensure that a formal contract is defined and agreed for all third-party services before work is initiated, including definition of internal control requirements and acceptance of the Project's policies and procedures.
- 46. A regular review of security, availability and processing integrity is performed for service level agreements and related contracts with third-party service providers.

Description of Computer Operations Controls

General Operations

Control Objective 2: Controls provide reasonable assurance that any problems and/or incidents are properly responded to, recorded, resolved or investigated for proper resolution.

Control Objective 3: Controls provide reasonable assurance that data recorded, processed and reported remain complete, accurate and valid throughout the update and storage process.

Control Objective 4: Controls provide reasonable assurance that authorized programs are executed as planned and deviations from scheduled processing are identified and investigated.

Security and Access

Control Objective 5: Controls provide reasonable assurance that Project IT operating systems and subsystems are appropriately secured to prevent unauthorized use, disclosure, modification, damage or loss of data.

Control Objective 6: Controls provide reasonable assurance that all IT components, as they relate to security, processing and availability, are well protected, would prevent any unauthorized changes, and assist in the verification and recording of the current configuration.

Acquisition, Development and Change

Control Objective 7: Controls provide reasonable assurance that technology infrastructure is acquired so that it provides the appropriate platforms to support case management operating applications.

Control Objective 8: Controls provide reasonable assurance that application software is acquired or developed to effectively support case management operating requirements.

Control Objective 9: Controls provide reasonable assurance that systems are appropriately tested and validated prior to being placed into production processes, and that associated controls operate as intended and support case management operating requirements.

Control Objective 10: Controls provide reasonable assurance that policies and procedures defining required acquisition and maintenance processes have been developed and are maintained, and that they define the documentation needed to support the proper use of the applications and the technological solutions put in place.

Control Objective 11: Controls provide reasonable assurance that system changes of operational significance are appropriately tested and authorized before movement into production.

Description of Systems Application Processing Controls – Case Management System

Input Controls

Control Objective 12: Input controls provide reasonable assurance.

Processing Controls

Control Objective 13: Processing controls provide reasonable assurance.

Output Controls

Control Objective 14: Output controls provide reasonable assurance.

Description of Systems Application Processing Controls – Financial Management Systems

Input Controls

Control Objective 15: Input controls provide reasonable assurance that:

- Originating HFP and AIM source data are entered by trained and authorized persons, and that data preparation procedures are established and followed to minimize errors and omissions, and to allow the input of only valid data into the system.
- Authorized source documentation and data is complete and accurate, properly accounted for, and transmitted in a timely manner.
- Error handling procedures detect errors and irregularities and report them for corrective action.
- Source documents are retained and available for reconstruction and legal compliance.

Processing Controls

Control Objective 16: Processing controls provide reasonable assurance that:

- Data is posted to the correct files, completely and accurately.
- Unauthorized changes to data are prevented.
- Database files remain complete and accurate until changes occur as a result of authorized processing.
- Procedures assure that balancing of data is made with relevant control totals. Transaction processing can be traced effectively to reconcile disrupted data.
- Continued integrity of stored data.
- Procedures establish development standards, as appropriate, for electronic transaction integrity and authenticity (atomicity, consistency, isolation, and durability).

Output Controls

Control Objective 17: Output controls provide reasonable assurance that:

- Procedures define handling and retention of output. When negotiable instruments are produced, special care should be taken to prevent misuse.
- Procedures define and assure appropriate distribution of IT output.
- Procedures are communicated for physical and logical access to output. Confidentiality of output is defined and taken into consideration in the procedures.
- Procedures assure that both provider and user review output for accuracy and that procedures control errors contained in the output.
- Physical access to output printers and subsequent storage areas is restricted to authorized personnel.

User Control Considerations

The MAXIMUS California Healthy Families and Access for Infants and Mothers projects controls were designed with the assumption that certain controls would be implemented by the MRMIB. In certain situations, the application of specific controls at the MRMIB is necessary to achieve certain control objectives included in this report.

This section describes additional controls that should be in operation at the MRMIB to complement the controls at the MAXIMUS California Healthy Families and Access for Infants and Mothers projects. The MRMIB and its user auditors should consider whether the following controls have been placed in operation at the MRMIB:

- Controls to provide reasonable assurance that output reports are reviewed by appropriate individuals at the MRMIB for completeness and accuracy
- Controls to provide reasonable assurance that output received from the MAXIMUS projects is routinely reconciled to relevant MRMIB data and other control totals
- Controls to provide that daily cash sweeps from the MAXIMUS Projects cash accounts are appropriately reconciled to the corresponding daily deposits in the State's accounts

The above list of user control considerations do not represent a comprehensive set of all the controls that should be employed by the MRMIB. Other controls may be required at the MRMIB.

SECTION THREE

Information Provided by the Service Auditor

SECTION THREE – INFORMATION PROVIDED BY THE SERVICE AUDITOR

Overview of Control Objectives, Related Controls, and Tests of Operating Effectiveness

This report is intended to provide interested parties with information about the MAXIMUS controls in connection with its contract 02MHF026 with the MRMIB related to the California Healthy Families program and the Access for Infants and Mothers program (the Programs), and to provide information about the operating effectiveness of controls that were tested. This report, when combined with an understanding and assessment of the internal controls at the user organization, is intended to assist the user organization's auditors in planning the audit of users' financial statements and in assessing control risk for assertions in users' financial statements that may be affected by controls at MAXIMUS in connection with contract 02MHF026 with the MRMIB related to the Programs.

Our testing of the controls related to MAXIMUS's in connection with its contract 02MHF026 with the MRMIB related to the Programs were performed in Folsom, California. Our testing was restricted to the control objectives and the related controls listed beginning on page 11 in the "Controls Overview" section and on the following pages, and was not extended to procedures that may be in effect at the user organization (the MRMIB).

It is the user organization auditor's responsibility to evaluate this information in relation to the controls in place at the user organization. If certain complementary controls are not in place at the user organization, MAXIMUS's controls in connection with contract 02MHF026 with the MRMIB related to the Programs may not compensate for such weaknesses.

Our examination considered the control environment and included inquiry of appropriate management, supervisory and staff personnel, inspection of documents and records, observation of activities and operations, and tests of controls surrounding and provided by MAXIMUS's processing in connection with its contract 02MHF026 with the MRMIB related to the Programs. Our tests of controls covered the period December 1, 2006 to February 29, 2008 and were applied to those controls relating to control objectives specified by MAXIMUS.

The description of control objectives and controls are the responsibility of MAXIMUS's management. Lurie Besikof Lapidus & Company, LLP's responsibility is to express an opinion that the controls are operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the control objectives, specified by MAXIMUS management, were achieved during the period covered by this report.

MAXIMUS developed an application specific to the needs of the State of California Healthy Families program and the Access for Infants and Mothers program. The application was developed in the MAXIMUS proprietary development system. The financial application support used by MAXIMUS in connection with its administrative duties for the Programs is provided by Oracle Financials. The system provides the front end support for the Oracle Financials application providing various billing information to the Oracle Financials application. Oracle Financials provides Accounts Receivable, General Ledger, and Accounts Payable functionality. Oracle Financials provides collection delinquency information back to the system for follow-up and if necessary disenrollment in the Programs. For the purpose of this report, the application specific to the needs of the State of California Healthy Families program and the Access for Infants and Mothers

program will be referred to as the system, the MAXIMUS administration of the Programs will be referred to as the Project, and Oracle Financials will be referred to specifically.

The description of the tests of operating effectiveness and the results of those tests detailed on the following pages are Lurie Besikof Lapidus & Company, LLP's responsibility.

General Description of Testing Procedures Performed

Tests performed of the operational effectiveness of controls are described in general below and in more detail on the following pages:

Type of Test	General Description of Test
Corroborative inquiry or Inquiry	Made inquiries of appropriate personnel and corroborated responses with other personnel to ascertain compliance with controls.
Observation	Observed application of specific controls.
Inspected, obtained and inspected	(Obtained and) inspected documents and reports indicating performance of the controls.
Reviewed, obtained and reviewed	Reviewed documents and reports indicating performance of the controls.
Compared	Compared information obtained from two independent sources to confirm the operation of the control.
Selected, selected and reviewed	Randomly selected records from a population and reviewed them for compliance with controls.
Verified	Confirmed the controls were functional.
Tested	Re-performed application of the controls.

Control Objectives, Control Activities, Testing Performed, and Results of Tests

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Control Objective 1: Controls provide reasonable assurance that Project Management demonstrates, through attitude, awareness and actions, an atmosphere that enhances the effectiveness of specific policies and procedures. Controls provide reasonable assurance that the Organization structure provides appropriate division of responsibilities. Controls provide reasonable assurance that service levels are defined and managed in a manner that satisfies case management system requirements and provides a common understanding of performance levels with which the quality of services will be measured. Controls provide reasonable assurance that third-party services are secure, accurate and available, support processing integrity and defined appropriately in performance contracts.		
Project Oversight Strategy		
1. Management has mechanisms to obtain feedback from relevant external stakeholders, business process owners, and end-users regarding the quality and usefulness of IT and IS.	<ul style="list-style-type: none"> • <i>Obtained and reviewed</i> the following: <ul style="list-style-type: none"> ▪ Bi-Weekly MRMIB Progress Meeting minutes ▪ Weekly Tactical Meeting minutes ▪ Internal Policy Work Group (IPWG) minutes ▪ DHS and the MRMIB Bi-Weekly Coordination Meeting minutes 	No relevant exceptions were noted. The information reviewed confirms management's description. Noted that the minutes contained input from various stakeholders, business process owners, and end-users regarding: <ul style="list-style-type: none"> • risk reporting • personnel reporting • open alerts and Key Performance Review (KPR) status • Problem Correction System (PCS) aging reporting • Change Action Requests (CARs) • programs updates

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> <i>Inquired</i> of appropriate personnel to determine policies. 	No relevant exceptions were noted. The inquiries confirm management's description.
2. The Project monitors its progress against planned performance measures and reacts accordingly to meet established objectives.	<ul style="list-style-type: none"> <i>Obtained and reviewed</i> the following: <ul style="list-style-type: none"> Weekly Tactical Meeting minutes California Healthy Families Program (CAHFP) Performance Standards spreadsheet. <i>Inquired</i> of management personnel regarding the weekly staff meetings that review the key metrics. 	<p>No relevant exceptions were noted. The information reviewed confirms management's description.</p> <p>The CAHFP Performance Indicators contain statistics covering:</p> <ul style="list-style-type: none"> Call Center Data Entry Eligibility Mail Ops Appeals Programs Communications QA & Training Systems Financial Ops Audit Finance <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> Traced a sample of the CAHFP Performance Indicators spreadsheet back to the source documents verifying that the source data agreed to the measurement presented in the spreadsheet. 	No relevant exceptions were noted in the review of the CAHFP Performance Indicators spreadsheet.
Organization and Relationships		
3. Directors, managers and technicians have adequate knowledge and experience to fulfill their responsibilities.	<ul style="list-style-type: none"> Inspected the job descriptions for the following positions: <ul style="list-style-type: none"> Business Analyst Health Systems Analyst Application Developer Database Administrator Lead Applications Developer Senior Applications Developer Senior Oracle Financial Developer Senior Web Developer IS Management Team Quality Assurance Vice President and Deputy Project Manager Inspected the training curriculum for new hires and continuing education. 	<p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>No relevant exceptions were noted. The information inspected confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. Key systems and data have been inventoried and their owners identified.	<ul style="list-style-type: none"> • <i>Inspected</i> the Organization chart and job descriptions. • <i>Inspected</i> appropriate information systems documentation indicating key systems and their owners. • <i>Inquired</i> of directors as to the process inventorying and identifying system owners. 	<p>No relevant exceptions were noted. The document inspected confirms management's description.</p> <p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
5. Roles and responsibilities of the Organization are defined, documented and understood.	<ul style="list-style-type: none"> • <i>Inspected</i> the following: <ul style="list-style-type: none"> ▪ Organization chart ▪ job descriptions ▪ signed offer letters ▪ new hire orientation training records • <i>Inspected</i> the job descriptions for the following positions: <ul style="list-style-type: none"> ▪ Business Analyst ▪ Health Systems Analyst ▪ Application Developer ▪ Database Administrator ▪ Lead Applications Developer ▪ Senior Applications Developer ▪ Senior Oracle Financial Developer ▪ Senior Web Developer ▪ IS Management Team ▪ Quality Assurance ▪ Vice President and Deputy Project Manager 	<p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>Noted that the responsibilities are defined by organizational structure, and hiring documentation combined with the job descriptions reviewed below.</p> <p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>Noted that the responsibilities are defined in HR job descriptions combined with the Organizational structure, and hiring documentation.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
6. Personnel have sufficient authority to exercise the role and responsibility assigned to them.	<ul style="list-style-type: none"> • <i>Inspected</i> the following: <ul style="list-style-type: none"> ▪ departmental organization charts ▪ job descriptions ▪ signed offer letters for a sample of the employees. • <i>Inquired</i> of several staff members as to the process noting conformity with stated policy. • <i>Observed</i> staff members during the performance of their job duties. 	<p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> Inspected the job descriptions for the following positions: <ul style="list-style-type: none"> Business Analyst Health Systems Analyst Application Developer Database Administrator Lead Applications Developer Senior Applications Developer Senior Oracle Financial Developer Senior Web Developer IS Management Team Quality Assurance Vice President and Deputy Project Manager 	<p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>Noted that the responsibilities are defined in HR job descriptions combined with the Organizational structure and hiring documentation.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
7. Personnel understand and accept their responsibility regarding internal control.	<ul style="list-style-type: none"> <i>Inspected</i> copies of signed Confidentiality Agreements and Statements of Privacy Practices for employees selected in a sample. <i>Inquired</i> of several staff members as to their understanding of the responsibility regarding internal control with regard to their position. <i>Observed</i> staff during the performance of their job duties noting conformity with stated policy. 	<p>No relevant exceptions were noted. A sample of forty-nine (49) Human Resources (HR) files were selected and traced to their supporting documentation. All of the HR files examined contained the supporting documentation. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
8. Management has implemented a division of roles and responsibilities (segregation of duties) that reasonably prevent a single individual from subverting a critical process.	<ul style="list-style-type: none"> • <i>Inspected</i> the Departmental Organization Charts and Job Descriptions. • <i>Inquired</i> of several staff members as to their understanding of the responsibility regarding internal control with regard to their position. • <i>Observed</i> staff during the performance of their job duties noting conformity with stated policy. • <i>Inspected</i> the CAR process and procedures for the promotion of the code into production. • <i>Inquired</i> of the manager of software engineering as to the process of promoting code into production noting conformity with stated policy. 	<p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
9. Staff evaluations are performed regularly. Employees receive their first written performance evaluation after 90 days of employment.	<ul style="list-style-type: none"> • <i>Compared</i> a sample of employees to the performance evaluations contained in their HR files. • <i>Inquired</i> of HR about the procedures and methodology of the evaluations performed. 	<p>No relevant exceptions were noted. A sample of forty-nine (49) employees was selected for tracing to the performance evaluations contained in their HR files. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>
10. Contracted staff and other contract personnel are subject to policies and procedures created to control their activities by the IT function, and to assure the protection of the Project's information assets.	<ul style="list-style-type: none"> • <i>Inspected</i> a sample of the contracted staff's signed statements of privacy and practices. Noted conformity with stated policy. • <i>Inspected</i> new hire procedures documentation noting that it specifically states that it "pertains to: All contractors and temporary agencies staff." • <i>Inquired</i> of HR as to this procedure noting conformity with stated policy. 	<p>No relevant exceptions were noted. Examined a sample of temporary employee files. All temporary employee files examined contained signed statements of privacy and practices. The files examined confirm management's description.</p> <p>No relevant exceptions were noted. The documents examined confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
11. Significant IT events or failures, e.g., security breaches, major system failures or regulatory failures, are reported to senior management.	<ul style="list-style-type: none"> <i>Inspected</i> procedural documentation for security alerts and monitoring control noting conformity with stated policy. <i>Inquired</i> of the Technical Infrastructure Manager as to the procedures followed for this policy. <i>Inspected</i> the system monitoring screens and existing online reporting. <i>Inspected</i> a copy of the Production Outage Report as of December 31, 2007 containing cumulative reporting of production outages since January 1, 2007. 	<p>No relevant exceptions were noted. The documents examined confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The document examined confirms management's description.</p>
Management of Human Resources		
12. Controls are in place to support appropriate and timely responses to job changes and job terminations so that internal controls and security are not impaired by such occurrences.	<ul style="list-style-type: none"> <i>Inspected</i> help desk logs indicating job changes, additions and deletions. <i>Tested</i> the system access lists by comparing against the current employee lists to determine if any terminated employees still have access. <i>Tested</i> the current application user IDs 	<p>No relevant exceptions were noted. The documents examined confirm management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>Based upon the authentication test, noted</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	by comparing against the current employee lists to determine if any terminated employees still have access.	<p>one (1) terminated employee still had access as an Oracle Financials user.</p> <p>No relevant exception noted. The testing confirms management's description. The error rate is 2% based on the total number of Oracle Financials users at the test date. Noted that the difference appeared reasonable (differences of less than + or - 5%) and resolved within the Organization's guidelines. In addition, mitigating controls protect access to the application. Mitigating controls include: 1. System access does not exist for this individual. 2. Physical controls limit access to the facilities to only current employees, temporary employees and escorted guests. 3. Outside or remote access to Oracle Financials is prohibited.</p> <p>MAXIMUS Response:</p> <p>One Oracle Financials ID was not end dated when that user left the company. All other access was successfully disabled. The current access removal process involves the Database Administrator disabling access based on a trouble ticket (which was filed in ITG as ticket #37567). It appears that while the Database Administrator removed all other requested access, this one ID was</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
		missed. Problem Statement #44102 has been created to formalize and systematically automate the user audit process.
Educate and Train Users		
13. The Project subscribes to a philosophy of continuous learning, providing necessary training and skill development to its members.	<ul style="list-style-type: none"> <i>Inquired</i> of the QA Director as to this policy noting conformity with stated policy. <i>Inspected</i> training materials noting various education courses and materials. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documents inspected confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
14. Established procedures exist for identifying and documenting the training needs of all personnel that use information services in support of the Project.	<ul style="list-style-type: none"> • <i>Inquired</i> of the QA Director as to the policies and procedures in place noting conformity with stated policy. • <i>Inspected</i> QMS documentation and training material for various education courses noting conformity with stated policy. • <i>Inspected</i> documentation of the security awareness training that all new staff is required to participate. • <i>Inspected</i> the employee manual and the Security and Confidentiality Policy for completeness noting conformity with stated policy. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>No relevant exceptions were noted. The documents inspected confirm management's description.</p> <p>No relevant exceptions were noted. The documents inspected confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
15. Management provides education and ongoing training programs that include ethical conduct, system security practices, confidentiality standards, integrity standards, and security responsibilities of all staff.	<ul style="list-style-type: none"> <i>Reviewed</i> various OMS documents including but not limited to: <ul style="list-style-type: none"> Security awareness training Employee Manual Security and Confidentiality Policy New Hire Procedures Training Needs Assessment Training Database Human Resources SMUD Room Admittance IS General Overview <i>Inquired</i> of HR and the training management as to the procedures concerning education and ongoing training programs. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that all new employees are required to complete mandatory Corporate Compliance Courses within the first 5 days of employment. Courses include but are not limited to: business ethics, information security awareness, confidentiality and privacy, and workplace conduct.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Assessment of Risks		
16. The Project has an activity-level risk assessment framework. It is used periodically to assess information risk for achieving business objectives and it considers the probability and likelihood of threats.	<ul style="list-style-type: none"> • <i>Compared</i> a sample of the summary statistics (from the Key Performance Indicators report) to the source documents provided by the individual departments. • <i>Inspected</i> the weekly Risk Assessment reports noting conformity with stated policy. 	<p>No relevant exceptions were noted in the review of the CAHFP Performance Indicators report.</p> <p>No relevant exceptions were noted. The documents reviewed confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
17. A user access audit is performed on a weekly basis for critical systems and locations based on their relative priority and importance to the Project.	<ul style="list-style-type: none"> <i>Inquired</i> of Technology Infrastructure Manager as to the process of user audits noting conformity with stated policy. <i>Compared</i> application user access rights to the current employee listing for differences. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>Based upon the authentication test, noted one (1) terminated employee still had access as an Oracle Financials user.</p> <p>No relevant exception noted. The testing confirms management's description. The error rate is 2% based on the total number of Oracle Financials users at the test date. Noted that the difference appeared reasonable (differences of less than + or - 5%) and resolved within the Organization's guidelines. In addition, mitigating controls protect access to the application. Mitigating controls include: 1. System access does not exist for this individual. 2. Physical controls limit access to the facilities to only current employees, temporary employees and escorted guests. 3. Outside or remote access to Oracle Financials is prohibited.</p> <p>MAXIMUS Response:</p> <p>One Oracle Financials ID was not end dated when that user left the company. All other access was successfully disabled. The</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
		<p>current access removal process involves the Database Administrator disabling access based on a trouble ticket (which was filed in ITG as ticket #37567). It appears that while the Database Administrator removed all other requested access, this one ID was missed.</p> <p>Problem Statement #44102 has been created to formalize and systematically automate the user audit process.</p>
18. Where risks are considered acceptable, there is formal documentation and acceptance of residual risk with related offsets, including adequate insurance coverage, contractually negotiated liabilities and self-insurance.	<ul style="list-style-type: none"> • <i>Inquired</i> of appropriate management personnel. • <i>Obtained and reviewed</i> the administrative contract with the MRMIB. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documents reviewed confirm management's description.</p>
19. Access to the data center is restricted to authorized personnel, requiring appropriate identification and authentication.	<ul style="list-style-type: none"> • <i>Tested</i> data center access by attempting access using badges other than those that should be authorized. • <i>Inspected</i> data center visitor log and noted the dates, times, visitors, and the purposes of those visits. 	<p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The inspection performed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> <i>Discussed</i> data center access policies and rules with the Technical Infrastructure Manager. 	No relevant exceptions were noted. The inquiries confirm management's description.
20. A business impact assessment has been performed that considers the impact of a systems failure on the case management process.	<ul style="list-style-type: none"> <i>Reviewed</i> the Business Impact Analysis prepared as part of the Business Continuity (BC) / Disaster Recovery (DR) plan. <i>Inquired</i> of the Technical Infrastructure Manager regarding the feasibility of the BC / DR plan. 	<p>No relevant exceptions were noted. The document reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that some testing was performed during December 2007 by MAXIMUS.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Manage Facilities		
21. Facilities are adequately secured and managed.	<ul style="list-style-type: none"> <i>Inquired</i> of the Finance Director and Facilities Coordinator. <i>Tested</i> badge access by attempting access to inappropriate areas with various unauthorized badges. <i>Observed</i> that all employees and visitors must sign-in to obtain building access in addition to wearing badges. Also noted that all visitors receive visitor badges. 	<p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that individual appropriate badge access is setup based upon new employee notification from HR. Both badge setup and termination runs through the helpdesk notification system.</p> <p>Badge access limits employees to the building during certain hours, as well as certain locations within the building.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description. Noted that the inappropriate badges were refused access to unauthorized areas within the facilities.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> • <i>Observed</i> that a video surveillance system is operational in the building including a camera facing the server room door. • <i>Tested</i> current building badge access list against the active employee list for authorized badge holders. 	<p>No relevant exceptions were noted. The observations were consistent with management's description.</p> <p>Testing revealed 23 individuals in the badge access systems that were not on the active employee list.</p> <p>No relevant exception noted. Note that the badge access system will deactivate user badge access after one week of inactivity. The testing and the badge system settings confirm management's description.</p> <p>The exceptions noted amount to 4% based on the total number of individuals included in the badge access system at the test date.</p> <p>Due to the systems ability to deactivate user access after one week of inactivity and the small percentage difference (differences of less than + or - 5%) the exceptions are mitigated and resolved within the Organization's guidelines.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
22. Data center facilities are equipped with adequate environmental controls to maintain systems and data, including fire suppression, uninterrupted power service (UPS), generator, and appropriate air conditioning.	<ul style="list-style-type: none"> <i>Inquired</i> of the Facilities Coordinator and Technical Infrastructure Manager regarding the environmental controls in place. 	<p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that the data center is equipped with environmental controls to maintain systems and data. The environmental systems include:</p> <ul style="list-style-type: none"> wet pipe fire suppression a Liebert UPS unit two air conditioning units that back up the data center 1 megawatt CATT generator. <p>Also noted that the generator is tested by being run at full load once a year. There are also tests of the generator where it is run for 15 minutes every Friday.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> • <i>Inspected</i> the following environmental controls in the computer room: <ul style="list-style-type: none"> ▪ 20 ton Liebert air conditioner unit ▪ CATT generator with a 5,000 fuel tank capable ▪ fire rated door ▪ wet pipe sprinkler system ▪ battery backup for use during cut-over to the generator 	No relevant exceptions were noted. The inspection performed confirms management's description.

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Compliance with External Requirements		
23. Control activities are in place and followed to ensure compliance with external requirements, such as regulatory and legal rules.	<ul style="list-style-type: none"> • <i>Reviewed</i> various QMS documents including but not limited to: <ul style="list-style-type: none"> ▪ CA HFP Quality Manual ▪ Prime Contract Amendment Review ▪ Subcontractor Supplier Approval ▪ Administrative Contractor contract with the MRMIB. • <i>Obtained and reviewed</i> the California Healthy Families Performance Standards Analysis Report. • <i>Reviewed</i> a sample of the personnel files and noted that appropriate confidentiality agreements (pertaining to HIPAA) are signed. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description. Noted that the Performance Standards Report maps directly to the contract with the MRMIB.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
24. Internal events are considered in a timely manner to support continuous compliance with legal and regulatory requirements.	<ul style="list-style-type: none"> • <i>Reviewed</i> various QMS documents including but not limited to: <ul style="list-style-type: none"> ▪ CA HFP Quality Manual ▪ Administrative Contractor contract with the MRMIB ▪ QA audit plan and audit documentation. ▪ Weekly Tactical Meeting minutes • <i>Obtained and reviewed</i> the California Healthy Families Performance Standards Analysis Report. • <i>Inquired</i> of appropriate management that contract requirements are monitored regularly by management. • <i>Observed</i> the supervision and close monitoring of production staff by department leads. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted that the report notes any deficiencies with the contract requirements.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Management of Quality		
25. Documentation is created and maintained for all significant processes, controls and activities.	<ul style="list-style-type: none"> • <i>Obtained and reviewed</i> various QMS documentation. • <i>Reviewed</i> minutes of the IPWG meeting where many of the documents are approved. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted the revision dates and reviewed the document properties for many of the documents stored (evidence that the documents are being maintained).</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted that the documents and revisions are formally approved in the IPWG meetings.</p>
26. A plan exists to maintain the overall quality assurance of activities, based on the Project plans.	<ul style="list-style-type: none"> • <i>Reviewed</i> the Quality Manual and QMS Plan. • <i>Inquired</i> of management in the QA department as to the plan to maintain the quality assurance of activities for Project plans. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted that the document defines the Quality Management System and management's responsibility.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
27. Documentation standards are in place, have been communicated to all staff, and are supported with training.	<ul style="list-style-type: none"> • <i>Obtained and Reviewed</i> Quality Management System (QMS) documentation. • <i>Inquired</i> of the Training Department that standards do exist and are: <ul style="list-style-type: none"> ▪ in place ▪ communicated to all staff ▪ supported with training • <i>Inspected</i> various Work Instructions (WI) documents. • <i>Inspected</i> a sample of the training records for selected staff noting procedures for identifying and documenting training needs of all personnel. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description. Noted that the Work Instructions (WI) documents provide appropriate process documentation.</p> <p>No relevant exceptions noted. A sample of forty-nine (49) staff members were selected and traced to their respective training requirements and to evidence of their attendance in training classes. Evidence of attendance in training classes could be located for all staff members employed for 90 days or more. The testing confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
28. A quality plan exists for significant IT functions (e.g., large system development and deployment projects) and it provides a consistent approach to address both general and project-specific quality assurance activities.	<ul style="list-style-type: none"> <i>Reviewed</i> various QMS documentation including but not limited to: <ul style="list-style-type: none"> QA audit reports for the year CA HFP Quality Manual ISO 9000 Internal Quality Audit <i>Reviewed</i> a sampled of several QA audit results from QA audits performed during the year. <i>Inquired</i> of QA regarding their involvement in the CAR Projects and noted that they are involved in large scale development and deployment projects. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>Noted that the QA audit findings were correct for the sample audits reviewed.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>
29. The quality plan prescribes the type(s) of quality assurance activities (such as reviews, audits, inspections) to be performed to achieve the objectives of the quality plan.	<ul style="list-style-type: none"> <i>Reviewed</i> the document CA HFP Quality Manual to determine if it prescribes the type(s) of quality assurance activities (such as reviews, audits, inspections) to be performed. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
30. The quality assurance process includes a review of adherence to policies, procedures and standards.	<ul style="list-style-type: none"> • <i>Reviewed</i> various QMS documentation including but not limited to: <ul style="list-style-type: none"> ▪ CA HFP Quality Manual ▪ ISO 9000 Internal Quality Audit ▪ Corporate QA Best Practices Checklist • <i>Inquired</i> of the Quality Assurance director as to the quality assurance process. • <i>Reviewed</i> sample reports that alert managers regarding procedure or work instruction review. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The reports reviewed confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Manage Performance and Capacity		
31. IT management monitors the performance and capacity levels of the systems and network.	<ul style="list-style-type: none"> <i>Inquired</i> of the Infrastructure Manager as to the procedure in place to monitor performance and capacity of the systems and the network. Discussed the weekly review process including the monitoring of the Nagios performance monitoring tool for issues noted. <i>Reviewed</i> onscreen reporting and trends provided by the Nagios performance monitoring tool for completeness. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The reporting reviewed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
32. IT management has a process in place to respond to suboptimal performance and capacity measures.	<ul style="list-style-type: none"> • <i>Inspected</i> a sample of Helpdesk entries of such issues noting conformity with stated policy. • <i>Inspected</i> a completed Performance Solution Analysis document that was presented to upper management. • <i>Inquired</i> of upper management as to the procedure noting conformity with the stated process. 	<p>No relevant exceptions were noted. The inspection performed confirms management's description.</p> <p>No relevant exceptions were noted. The inspection performed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that suboptimal performance and capacity issues are tracked in the Helpdesk software and are responded to immediately. Root cause analysis is done to determine the cause and solutions are proposed to upper project management for resolution.</p>
33. Performance and capacity planning is included in system design and implementation activities.	<ul style="list-style-type: none"> • <i>Inspected</i> the following: <ul style="list-style-type: none"> ▪ A sample of CARs in all status levels. ▪ CAR performance impact analysis documents for the sample selected. 	<p>No relevant exceptions were noted. Obtained and selected a sample of sixty-two (62) problem statements for which twenty-three (23) CARs were opened during the audit period. All CARs reviewed contained the required supporting documentation and sign-off.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> <i>Inquired</i> of the Technical Infrastructure Manager concerning: <ul style="list-style-type: none"> scheduling of the implementations impact analysis process peer review and code performance 	No relevant exceptions were noted. The inquiries confirm management's description.
Monitoring		
34. Performance indicators or benchmarks, from both internal and external sources, have been defined, and data is collected and reported regarding achievement of these benchmarks.	<ul style="list-style-type: none"> <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> CHFP Performance Standards Report Weekly Risk Assessment Reports Call Center Report Weekly and Monthly Administrative Vendor Reports Project Status Report <i>Reviewed</i> a sample of the indicators from the CHFP Performance Standards Report. Tested the indicators by contacting the individual departments responsible for reporting the standards and tracing to the source documents. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed and testing performed confirms management's description.</p> <p>Noted that the metrics are based on administrative contractual requirements and can be traced to the specific contract provisions.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> <i>Inquired</i> of the Deputy Project Manager as well as the Financial Operations Director and the Human Resources Director. 	No relevant exceptions were noted. The inquiries confirm management's description.
35. Management has established appropriate metrics to effectively manage the day-to-day activities.	<ul style="list-style-type: none"> <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> CHFP Performance Standards Report Weekly Risk Assessment Reports Call Center Report Weekly and Monthly Administrative Vendor Reports Project Status Report <i>Reviewed</i> a sample of the indicators from the CHFP Performance Standards Report. Tested the indicators by contacting the individual departments responsible for reporting the standards and tracing to the source documents. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed and testing performed confirms management's description.</p> <p>Noted that the metrics are based on administrative contractual requirements and can be traced to the specific contract provisions.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> <i>Inquired</i> of the Deputy Project Manager as well as the Financial Operations Director and the Human Resources Director. 	<p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that performance indicators have been defined for each job description. The data is collected daily and reported by unit. Each month indicators are totaled and recorded by employee.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
36. Management monitors delivery of services to identify shortfalls and responds with actionable plans to improve.	<ul style="list-style-type: none"> <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> CHFP Performance Standards Report Weekly Risk Assessment Reports Call Center Report Weekly and Monthly Administrative Vendor Reports Project Status Report <i>Conducted corroborative inquiries</i> of the Senior Manager of Compliance as to the procedures and practices that are performed to monitor, identify and improve on services performed. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that each unit has individuals assigned to provide Quality Control checks to identify shortfalls in individual and system delivery of services.</p> <p>In addition to the unit QC, the Quality Assurance department also performs audits and addresses issues through the Problem Statement process.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Adequacy of Internal Control		
37. Management monitors the effectiveness of internal controls in the normal course of operations through management and supervisory activities, comparisons and benchmarks.	<ul style="list-style-type: none"> Conducted corroborative inquiries of the Deputy Project Manager as well as the Financial Operations Director and the Human Resources Director. 	No relevant exceptions were noted. The inquiries confirm management's description.
38. Serious deviations in the operation of internal control, including major security, availability and processing integrity events, are reported to senior management.	<ul style="list-style-type: none"> Conducted corroborative inquiries of the Technical Infrastructure Manager as well as the Manager of Software Engineering and discussed the procedures of informing management of deviations in the operation of internal control, including major security, availability and processing integrity events. Obtained and reviewed the Outage Summary report at December 31, 2007 (includes historic information for 2007). Reviewed various documentation including but not limited to: <ul style="list-style-type: none"> Mercury ITG logs CAR logs meeting minutes discussing problem statements and CARS 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The report reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
39. Internal control assessments are performed periodically, using self-assessments, to examine whether or not internal controls are operating satisfactorily.	<ul style="list-style-type: none"> • <i>Conducted corroborative inquiries</i> of appropriate management and discussed the procedures for informing management of deviations in the operation of internal control, including major security, availability and processing integrity events. Discussed the procedures and practices in place to examine if internal controls are operating satisfactorily. • <i>Obtained and reviewed</i> the Outage Summary report at December 31, 2007 (includes historic information for 2007). • <i>Reviewed</i> various documentation that included an indication of internal control deviations including but not limited to: <ul style="list-style-type: none"> ▪ Mercury ITG logs ▪ CAR logs ▪ meeting minutes discussing problem statements and CARS ▪ Risk Assessment reports ▪ QA inspections reports ▪ management review meeting minutes 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The report reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Internal Audit		
40. Agreed-upon Procedures (AUP) engagements are performed based upon approval by the audit committee.	<ul style="list-style-type: none"> <i>Reviewed</i> the various AUP reports. <i>Compared</i> AUP reports against approved schedule of Agreed-upon Procedures. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The comparisons performed confirm management's description.</p> <p>Noted that Agreed-upon Procedures engagements were performed other than the engagement scheduled for December 2007 based on approval by the audit committee.</p>
Third-Party Services		
41. A designated individual is responsible for regular monitoring and reporting on the achievement of the third-party service level performance criteria.	<ul style="list-style-type: none"> <i>Reviewed</i> the Supplier / Subcontractor Performance Standards Analysis Report for compliance with the control. <i>Reviewed</i> QMS document Subcontractor Supplier Approval. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted the monthly monitoring and reporting of the third-party service level.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> <i>Inquired</i> of the Contracts Manager as to the procedures in place to monitor the third-party service level performance criteria. 	No relevant exceptions were noted. The inquiry confirms management's description. Noted that the Contracts Manager is responsible for collecting monthly Performance Standards on each Subcontractor, then consolidating Performance Standard Scores in a Master Performance Standards Matrix.
42. The selection of vendors for outsourced services is performed in accordance with the Project's vendor management policy.	<ul style="list-style-type: none"> <i>Inquired</i> of the Contract Compliance Manager that the Project complies with the Authority and Responsibility Policies and Procedures Manual. <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> Authority and Responsibility Policies and Procedures Manual Vendor contracts and compliance matrix with outsourced vendors Subcontractor supplier approval 	<p>No relevant exceptions were noted. The inquiry confirms management's description. Noted that evaluation criteria is generated during solicitation planning and due diligence is used to collect a minimum of three written competitive quotations.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
43. Before selection, management determines that potential third parties are properly qualified through an assessment of their capability to deliver the required service.	<ul style="list-style-type: none"> <i>Inquired</i> of the Contract Compliance Manager that the Project uses an RFP process to review the qualifications of vendors prior to being contracted to perform services. <i>Reviewed</i> Subcontractor Supplier Approval which provides guidelines for: <ul style="list-style-type: none"> Maintenance of the CA HFP Sub-Contracts through amendments and clarifications. Ensuring adherence and retention of the CA HFP Prime Contract through the evaluation of Subcontractors. Negotiation and award of Subcontracts under the CA HFP Prime Contract. Record of contract negotiations, contract review, amendments, and clarifications. 	<p>No relevant exceptions were noted. The inquiry confirms management's description. Noted that potential vendors are assessed, exceptions to Subcontractor Agreement Package are appraised and a financial impact review completed for Executive Management.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
44. Third-party service contracts address the risks, security controls and procedures for information systems and networks in the contract between the parties.	<ul style="list-style-type: none"> • <i>Reviewed</i> the existing vendor contracts with outsource vendors. • <i>Reviewed</i> Subcontractor Supplier Approval which provides guidelines for: <ul style="list-style-type: none"> ▪ Maintenance of the CA HFP Sub-Contracts through amendments and clarifications. ▪ Ensuring adherence and retention of the CA HFP Prime Contract through the evaluation of Subcontractors. ▪ Negotiation and award of Subcontracts under the CA HFP Prime Contract. ▪ Record of contract negotiations, contract review, amendments, and clarifications. • <i>Inquired</i> of the appropriate management personnel as to the existence of risks, security controls and procedures for information systems and networks in the contract between the parties within the third-party service contracts. 	<p>No relevant exceptions were noted. The contracts reviewed confirm management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
45. Procedures exist and are followed to ensure that a formal contract is defined and agreed for all third-party services before work is initiated, including definition of internal control requirements and acceptance of the Project's policies and procedures.	<ul style="list-style-type: none"> <i>Inquired</i> of the appropriate management personnel to verify that the Project complies with the Authority and Responsibility Policies and Procedures Manual. <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> Authority and Responsibility Policies and Procedures Manual Vendor Contracts and Compliance Matrix with Outsource Vendors Subcontractor Supplier Approval 	<p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that Evaluation of Subcontractor Proposal Award Phase is followed. Negotiations are conducted and Corporate Legal Counsel is consulted before a contract is signed. The Authority Matrix is reviewed for appropriate signing authority.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

I. Information Systems General Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
46. A regular review of security, availability and processing integrity is performed for service level agreements and related contracts with third-party service providers.	<ul style="list-style-type: none"> <i>Inquired</i> of the appropriate management personnel as to the procedures in place to review the availability and processing integrity for service level agreements. <i>Reviewed</i> Subcontractor Supplier Approval which provides guidelines for: <ul style="list-style-type: none"> Maintenance of the Subcontracts via amendments and clarifications. Ensuring adherence and retention of the Prime Contract through the evaluation of Subcontractors. Negotiation and award of Subcontracts under the Prime Contract. Record of contract negotiations, contract review, amendments, and clarifications. <i>Reviewed</i> the vendor contracts and compliance matrix with outsource vendors. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Control Objective 2: Controls provide reasonable assurance that any problems and/or incidents are properly responded to, recorded, resolved or investigated for proper resolution.		
1. IT management has defined and implemented a problem management system to ensure that operational events (breakage, problems, and errors) not part of the standard operation, are recorded, analyzed, and resolved in a timely manner.	<ul style="list-style-type: none"> <i>Inspected</i> a sample of Helpdesk entries for completeness. Tracked the sample from entry to resolution and obtained proof of resolution when available. <i>Conducted corroborative inquiries</i> of Helpdesk employees as to the policies and procedures in place noting conformity with stated policy. 	<p>No relevant exceptions were noted. A sample of twenty (20) Helpdesk entries were selected and traced to evidence of resolution. All of the twenty Helpdesk entries could be traced to the proof of resolutions when appropriate. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. The problem management system provides for adequate audit trail facilities, which allow tracing from incident to underlying cause.	<ul style="list-style-type: none"> <i>Inspected</i> a sample of Helpdesk entries for completeness. Tracked the sample from entry to resolution and obtained proof of resolution when available. <i>Conducted corroborative inquiries</i> of Helpdesk employees as to the policies and procedures in place noting conformity with stated policy. 	<p>No relevant exceptions were noted. A sample of twenty (20) helpdesk entries were selected and traced to evidence of resolution. All of the twenty helpdesk entries could be traced to the proof of resolutions where appropriate. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>
3. A security incident response process exists to support timely response and investigation of unauthorized activities.	<ul style="list-style-type: none"> <i>Conducted corroborative inquiries</i> of Helpdesk employees as to the policies and procedures in place noting conformity with stated policy. <i>Reviewed</i> Helpdesk processes and procedures related to security incident response. <i>Inquired</i> of IT Management regarding the involvement of the Information Security Administrator in responding to a security incident. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiry confirms management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. A contingency plan has been developed for alternative processing in the event of loss or interruption of the IT function.	<ul style="list-style-type: none"> <i>Reviewed</i> the Contingency Plan BC / DR plan. <i>Inquired</i> of the Technical Infrastructure Manager regarding the feasibility of the BC / DR plan. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that a test of the BC / DR plan was performed at the end of 2007.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Control Objective 3: Controls provide reasonable assurance that data recorded, processed and reported remain complete, accurate and valid throughout the update and storage process.		
1. Policies and procedures exist for the handling, distribution and retention of data and reporting output.	<ul style="list-style-type: none"> • <i>Reviewed</i> the following: <ul style="list-style-type: none"> ▪ MAXIMUS Information Security Policy ▪ Security and confidentiality policy ▪ Backup and offsite storage procedures • <i>Inquired</i> of the Technical Infrastructure Manager: <ul style="list-style-type: none"> ▪ All files sent to vendors are transported by secure carrier. ▪ Backup and storage files are transported by secure courier. ▪ All files distributed outside the Project are either encrypted or transported by a secure courier. • <i>Inspected</i> the following: <ul style="list-style-type: none"> ▪ public certificates for all vendors where data is shared electronically ▪ reviewed a nightly file transfer log utilizing the public certificates 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documents inspected confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. Management protects sensitive information, logically and physically, in storage and during transmission against unauthorized access or modification.	<ul style="list-style-type: none"> <i>Inquired</i> of the Technical Infrastructure Manager: <ul style="list-style-type: none"> All files sent to vendors are transported by secure carrier. Backup and storage files are transported by secure courier. All files distributed outside the Project are either encrypted or transported by a secure courier. Virus protection is active on all desktops. User areas of the network are segregated by V-Lans and firewalls. <i>Inspected</i> the following: <ul style="list-style-type: none"> public certificates for all vendors where data is shared electronically reviewed a nightly file transfer log utilizing the public certificates 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documents inspected confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
3. Retention periods and storage terms are defined for documents, data, programs, reports, and messages (incoming and outgoing), as well as the data (keys, certificates) used for their encryption and authentication.	<ul style="list-style-type: none"> • <i>Reviewed</i> the contract with the MRMIB, noting that retention periods are defined. • <i>Inquired</i> of the Technology Infrastructure Manager regarding: <ul style="list-style-type: none"> ▪ retention periods for electronic information ▪ retention and storage of hardcopy files • <i>Observed</i> the hardcopy file room area and procedures. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>Noted evidence that policies and procedures exist for the handling, distribution and retention of data and reporting output.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. Management has implemented a strategy for cyclical backup of data and programs.	<ul style="list-style-type: none"> <i>Reviewed</i> PP-17-18, cyclical backup procedure. <i>Inquired</i> of the IS Director regarding the cyclical backup schedule. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted cyclical backup is performed routinely. Written and approved procedure exists.</p>
5. Procedures exist and are followed to periodically test the effectiveness of the restoration process and the quality of backup media.	<ul style="list-style-type: none"> <i>Reviewed</i> PP-17-18 CAHFP Data Backup Procedures. <i>Inquired</i> of the Technical Infrastructure Manager regarding the backup test procedures. <i>Inquired</i> of IS personnel regarding the procedure for a tape inventory audit of the off-site vendor on a quarterly basis. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
6. Changes to data structures are authorized, made in accordance with design specifications and implemented in a timely manner.	<ul style="list-style-type: none"> • <i>Reviewed</i> the following: <ul style="list-style-type: none"> ▪ PP-12-01 – Corrective and Preventive Action ▪ PP-17-10 – System Code Migration Procedure ▪ PP-17-23 – Change Action Request (CAR) • <i>Inquired</i> of the Technical Infrastructure Manager regarding the: <ul style="list-style-type: none"> ▪ promotion process for authorized changes to data structures and results ▪ DBA role in promotions ▪ testing and validating data and reports. • <i>Inspected</i> a sample of CARs to validate testing, approval, and promotion of authorized changes. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. Obtained and selected a sample of sixty-two (62) problem statements for which twenty-three (23) CARs were selected and traced to their respective documentation. Documentation was complete for all closed CARs in the sample. The tests performed confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Control Objective 4: Controls provide reasonable assurance that authorized programs are executed as planned and deviations from scheduled processing are identified and investigated, including controls over job scheduling, processing, error monitoring, and system availability.		
1. Management has established and documented standard procedures for IT operations, including scheduling, managing, monitoring, and responding to security, availability, and processing integrity events.	<ul style="list-style-type: none"> <i>Reviewed</i> the Ticket Handling documents and documentation for completeness noting conformity to stated policy. <i>Inquired</i> of the appropriate IT management regarding policies and procedures that address documentation standards for IT operations. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted the following procedures are in place for scheduling, managing, monitoring, and responding to integrity events:</p> <ul style="list-style-type: none"> ITS Helpdesk process HeA Helpdesk process flow systems ticket handling and documenting infrastructure change control process <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>
2. System event data is sufficiently retained to provide chronological information and logs to enable the review, examination and reconstruction of system and data processing.	<ul style="list-style-type: none"> <i>Inquired</i> of the level two Helpdesk Technician as to this process. <i>Inspected</i> logs from the period under review. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The inspections confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
3. System event data is designed to provide reasonable assurance as to the completeness and timeliness of system and data processing.	<ul style="list-style-type: none"> <i>Inquired</i> of management as to the process in place to obtain assurance as to the completeness and timeliness of system and data processing. <i>Observed</i> notifications of processing results for important processing. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description. Noted that system event logs provide information on the start/end times and the successful completion of system processes and data processing. Email notifications are sent out automatically to key personnel notifying them of results of the processing.</p>
4. For packaged software products that are purchased for end-user computing, policies and procedures are followed concerning security, availability and processing integrity.	<ul style="list-style-type: none"> <i>Inspected</i> the Client Image Testing Checklist for completeness noting conformity with stated policy. <i>Observed</i> that installation files are kept in a secure directory and physical install disks are kept in a locked box in a locked room. 	<p>No relevant exceptions were noted. The inspections performed confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> <i>Inquired</i> of the Technical Infrastructure Manager as to the procedures for testing end user software products to verify compatibility with existing systems. 	No relevant exceptions were noted. The inquiries confirm management's description. Noted that end-user software products are put through a certification process to ensure their availability and processing integrity with existing systems.
5. User-developed systems, such as spreadsheets and other end-user programs, are secured from unauthorized use.	<ul style="list-style-type: none"> <i>Reviewed</i> document CP-02 - Security and Confidentiality Policy, and a sample employee newsletter discussing the storage of files on the desktop. <i>Conducted corroborative inquiries</i> with the Technical Infrastructure Manager and IS Director regarding security of user developed systems. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted end-user developed systems are stored in secured and controlled directories with access strictly limited.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
6. Access to user-developed systems is restricted to a limited number of users.	<ul style="list-style-type: none"> <i>Inquired</i> of the Technical Infrastructure Manager regarding security of user developed systems. 	No relevant exceptions were noted. The inquiry confirms management's description. Noted that user-developed systems are stored in "group" directories with access limited to users who need access to these systems. In some cases only a single user requires access; in these cases the systems are stored in "home" directory locations with user access only.

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Security and Access		
Control Objective 5: Controls provide reasonable assurance that Project IT operating systems and subsystems are appropriately secured to prevent unauthorized use, disclosure, modification, damage or loss of data.		
1. An information security policy and framework exists and has been approved by an appropriate level of executive management.	<ul style="list-style-type: none"> <i>Reviewed</i> the following: <ul style="list-style-type: none"> CP-02 Security and Confidentiality Policy. Reviewed the Revision History section noting that it is maintained on a regular basis. The MAXIMUS Information Security Policy. 	No relevant exceptions were noted. The documentation reviewed confirms management's description.
2. Procedures exist and are followed to authenticate all users to the system to support the validity of transactions.	<ul style="list-style-type: none"> <i>Obtained and reviewed</i> the Roles and Access lists for the system and Oracle Financials. <i>Inquired</i> of the appropriate IT management regarding user authentication controls, as well as ensuring the validity of access rights and transaction validation. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted that the user access is based upon job function.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
3. Procedures exist and are followed to maintain the effectiveness of authentication and access mechanisms (e.g., regular password changes).	<ul style="list-style-type: none"> • <i>Reviewed</i> the MAXIMUS Information Security Policy. • <i>Reviewed</i> document CP-02 - Security and Confidentiality Policy. • <i>Inquired</i> of the Infrastructure Services Manager regarding the Information Security Policy. • <i>Tested</i> the active directory LDAP making use of computer assisted tools to download the LDAP and probe it for accounts that never expire. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>Noted that only special accounts with limited access capability are set never to expire. Additionally noted consistency between different roles employees have within the Organization and roles assigned within the application.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. Procedures exist and are followed to ensure timely action relating to requesting, establishing, issuing, suspending and closing user accounts.	<ul style="list-style-type: none"> <i>Inquired</i> of Level two Helpdesk support as to these procedures noting conformity with stated policy. <i>Reviewed</i> document PP-17-12 – User Add/Delete defining the process of adding or deleting a user from the system. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>
5. A control process exists and is followed to periodically review and confirm access rights.	<ul style="list-style-type: none"> <i>Inquired</i> of Technical Infrastructure Manager regarding the periodic process of reviewing the terminations list to assure that terminated staff is no longer provided system access. <i>Tested</i> the system access lists using computer assisted audit tools to download the current list of active users, and then comparing the list against the current employee lists to determine if any terminated employees still have access. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
6. Where network connectivity is used, appropriate controls, including firewalls, intrusion detection and vulnerability assessments, exist and are used to prevent unauthorized access.	<ul style="list-style-type: none"> • <i>Inspected</i> the CAHFP network diagram. • <i>Inquired</i> of the Technical Infrastructure Manager regarding: <ul style="list-style-type: none"> ▪ network configuration ▪ vulnerability scanning results ▪ controls used to prevent unauthorized access ▪ use of Nessus on new servers prior to implementation • <i>Performed</i> external vulnerability scanning. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions noted. The external scan revealed no relevant exceptions.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
7. IT security administration monitors and logs security activity, and identified and reported security violations to senior management.	<ul style="list-style-type: none"> <i>Inquired</i> of Corporate Network personnel regarding the outsourcing of the network security monitoring. <i>Reviewed</i> correspondence with the outsource vendor monitoring the security activity. <i>Performed</i> a Nessus scan against the network perimeter to test for vulnerabilities. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>Noted that Project IT staff received a call from MAXIMUS Corporate Network Personnel monitoring network activity. This indicates that the mock attack was detected and appropriately reported.</p>
8. Controls relating to appropriate segregation of duties over requesting and granting access to systems and data exist and are followed.	<ul style="list-style-type: none"> <i>Discussed</i> with the Technical Infrastructure Manager and noted that HR requests user access accounts via the Helpdesk process. IS personnel setup the accounts requested by HR. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
9. Access to facilities is restricted to authorized personnel and requires appropriate identification and authentication.	<ul style="list-style-type: none"> • <i>Inquired</i> of the Facilities Coordinator regarding the facility access and policy. • <i>Observed</i> the accessing of the facilities at the entry point to the building. The building has a locked entry point controlled by a receptionist. All visitors must present an ID and are escorted throughout the facilities. • <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> ▪ CP-02 Security and Confidentiality Policy ▪ PP-17-02 Data Center Policies and Procedures ▪ Facilities Access Log 	<p>No relevant exceptions were noted. The inquiry confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Control Objective 6: Controls provide reasonable assurance that all IT components, as they relate to security, processing and availability, are well protected, would prevent any unauthorized changes, and assist in the verification and recording of the current configuration.		
1. Only authorized software is permitted for use by employees using Project IT assets.	<ul style="list-style-type: none"> Reviewed the MAXIMUS Information Security Policy. <i>Inquired</i> of the Technical Infrastructure Manager regarding the Group policy in place that prohibits personnel from installing applications on their machines. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted that users are unable to install software on their local workstations, ensuring compliance with this control.</p> <p>No relevant exceptions were noted. The inquiry confirms management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. Application software and data storage systems are properly configured to provide access based on the individual's demonstrated need to view, add, change or delete data.	<ul style="list-style-type: none"> Tested the current application user IDs by comparing against the current employee lists to determine if any terminated employees still have access. 	<p>Based upon the authentication test, noted one (1) terminated employee still had access as an Oracle Financials user.</p> <p>No relevant exception noted. The testing confirms management's description. The error rate is 2% based on the total number of Oracle Financials users at the test date. Noted that the difference appeared reasonable (differences of less than + or - 5%) and resolved within the Organization's guidelines. In addition, mitigating controls protect access to the application. Mitigating controls include: 1. System access does not exist for this individual. 2. Physical controls limit access to the facilities to only current employees, temporary employees and escorted guests. 3. Outside or remote access to Oracle Financials is prohibited.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> • <i>Discussed</i> data storage and system access with the Technical Infrastructure Manager. • <i>Reviewed</i> the list of user access roles and confirmed the access roles with appropriate management personnel. 	<p>MAXIMUS Response:</p> <p>One Oracle Financials ID was not end dated when that user left the company. All other access was successfully disabled. The current access removal process involves the Database Administrator disabling access based on a trouble ticket (which was filed in ITG as ticket #37567). It appears that while the Database Administrator removed all other requested access, this one ID was missed.</p> <p>Problem Statement #44102 has been created to formalize and systematically automate the user audit process.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
3. IT management has established procedures across the Project to protect information systems and technology from computer viruses.	<ul style="list-style-type: none"> <i>Inquired</i> of the Technical Infrastructure Manager, the information systems virus protection policies. <ul style="list-style-type: none"> Virus protection exists at several layers of the network Virus protection exists at the desktop Virus protection exists for email <i>Observed</i> workstation compliance with the procedures that are established to protect the Organization from computer viruses. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. Periodic testing and assessment is performed to confirm that software and network infrastructure is appropriately configured.	<ul style="list-style-type: none"> <i>Inquired</i> of the Infrastructure Manager as to the procedures in place to confirm that software and network infrastructure is appropriately configured. Including the following: <ul style="list-style-type: none"> weekly review process monitoring using Nagios <i>Inspected</i> onscreen reporting and trends provided by Nagios noting conformity with stated policy. <i>Inspected</i> Mercury ITG logs for the period March 16, 2007 to February 29, 2008 noting conformity with stated policy. 	<p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that periodically, a protocol analyzer is utilized to evaluate network performance.</p> <p>No relevant exceptions were noted. The inspections performed confirm management's description.</p> <p>No relevant exceptions were noted. The inspections performed confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Acquisition, Development and Change		
Control Objective 7: Controls provide reasonable assurance that technology infrastructure is acquired so that it provides the appropriate platforms to support case management operating applications.		
1. Documented procedures exist and are followed to ensure that infrastructure systems, including network devices and software, are acquired based on the requirements of the case management applications they are intended to support.	<ul style="list-style-type: none"> <i>Reviewed</i> document WI-17-14-01 Infrastructure Change Control Procedures. <i>Conducted corroborative inquiries</i> with the Director of Information Systems and the Technical Infrastructure Manager regarding the acquisition process for infrastructure systems, network devices and software. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that the acquisition and planning process is linked to the problem statement process assuring that replacement requirements are included in the process.</p>
Control Objective 8: Controls provide reasonable assurance that application software is acquired or developed to effectively support case management operating requirements.		
1. The Project's acquisition and planning process ensures that infrastructure modifications are aligned with the client and/or MAXIMUS specifications.	<ul style="list-style-type: none"> <i>Reviewed</i> document WI-17-14-01 – Infrastructure Change Control Procedures <i>Inquired</i> of the Technical Infrastructure Manager regarding the Project's acquisition and planning process. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that the acquisition and planning process is linked to the problem statement process assuring that replacement requirements are included in the process.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. IT management ensures that users are appropriately involved in the design of applications, selection of packaged software and the testing thereof, to ensure a reliable environment.	<ul style="list-style-type: none"> Inspected the following documents <ul style="list-style-type: none"> PP-10-05 – Handling and Control of Fast Alerts and Program Alerts PP-12-01 – Corrective and Preventive Action PP-17-00 – Information Systems Department Overview PP-17-23 – Change Action Request (CAR) WI-17-10-01 – System Code Migration Procedure Inspected a random sample of CARs in all status levels during the examination period. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. Obtained and selected a sample of sixty-two (62) problem statements for which twenty-three (23) CARs were selected and traced to their respective documentation. The tests performed confirm management's description.</p> <p>Noted that documentation was complete and included information reflecting user input into the processes for all closed CARs in the sample.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
3. IT management ensures that information systems are designed to include application controls that support complete, accurate, authorized, and valid transaction processing.	<ul style="list-style-type: none"> <i>Reviewed</i> Quality Management System documentation. <i>Inquired</i> of IT management as to the procedures in place to ensure that information systems are designed to include application controls to support complete, accurate, authorized, and valid transaction processing. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>
4. Post-implementation reviews are performed to verify controls are operating effectively.	<ul style="list-style-type: none"> <i>Conducted</i> Corroborative inquiries of the IS Application Development Manager and the Systems Analysis Manager regarding post-implementation reviews. <i>Inspected</i> the CARs in the Closed and PIR status. 	<p>No relevant exceptions were noted. The inquiries confirm management's description. Noted the CAR remains open after promotion of the change and the system is monitored as part of the PIR (post-implementation review). Approval for closure is given by the Change Control Board (CCB) and the business owner.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Control Objective 9: Controls provide reasonable assurance that systems are appropriately tested and validated prior to being placed into production processes, and that associated controls operate as intended and support case management operating requirements.		
1. A testing strategy exists for all significant changes in applications and infrastructure technology, which addresses unit-, system-, integration-, and user acceptance-level testing to help ensure that deployed systems operate as intended subsequent to that time.	<ul style="list-style-type: none"> • <i>Inspected</i> document PP-17-23 – Change Action Request. • <i>Tested</i> the problem statement database by sampling and tracing the relevant CARs back to the source documents to verify the compliance to the testing process defined. The testing included: <ul style="list-style-type: none"> ▪ A random sample of CARs were traced from the problem statements. ▪ A review of the test scripts and results was completed for all relevant CARS selected in the random sample. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. Obtained and selected a sample of sixty-two (62) problem statements for which twenty-three (23) CARs were selected and traced to their respective documentation. The tests performed confirm management's description.</p> <p>Noted that the documentation was complete for all closed CARs in the sample.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. Interfaces with other systems are tested to confirm that data transmissions are complete, accurate and valid.	<ul style="list-style-type: none"> Obtained and reviewed a sample of dates for cash receipts from: <ul style="list-style-type: none"> Aqrit Remittance Imaging Credit Card EFT Western Union 	<p>No relevant exceptions were noted. A sample was selected and batch footed for:</p> <ul style="list-style-type: none"> Aqrit Remittance Imaging – 9 AIM and 4 HFP daily batches Credit Card – 28 (HFP only) days EFT – 14 (HFP only) months Western Union – 28 (HFP only) days. <p>Note that AIM payments are only accepted via Lockbox (Aqrit Remittance Imaging).</p> <p>All batch footings agreed to the totals contained in the footer record for the samples selected. The tests performed confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> Tested to assure that the batch total transferred agreed to the file total, then traced to the posting in Oracle Financials (for both HFP and AIM). 	<p>No relevant exceptions were noted. A sample was selected and the batch total was traced to the finance cash receipts posting:</p> <ul style="list-style-type: none"> Aqrit Remittance Imaging – 9 AIM and 4 HFP daily batches Credit Card – 28 (HFP only) days EFT – 14 (HFP only) months Western Union – 28 (HFP only) days. <p>Note that AIM payments are only accepted via Lockbox (Aqrit Remittance Imaging). All totals agreed to the totals posted in the cash receipts sub-ledger for the samples selected. The tests performed confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
3. The conversion of data is tested between its origin and its destination to confirm that it is complete, accurate and valid.	<ul style="list-style-type: none"> Reviewed batch controls of import files for: <ul style="list-style-type: none"> Aqrit Remittance Imaging Western Union EFT Credit Card 	<p>No relevant exceptions were noted. A sample was selected and batch footed for:</p> <ul style="list-style-type: none"> Aqrit Remittance Imaging – 9 AIM and 4 HFP daily batches Credit Card – 28 (HFP only) days EFT – 14 (HFP only) months Western Union – 28 (HFP only) days. <p>Note that AIM payments are only accepted via Lockbox (Aqrit Remittance Imaging).</p> <p>All batch footings agreed to the totals contained in the footer record for the samples selected. The tests performed confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> Traced footed file totals to the batch footer. Traced the total posted to the general ledger to the total in the batch footer. 	<p>No relevant exceptions were noted. A sample was selected and the batch total was traced to the finance cash receipts posting:</p> <ul style="list-style-type: none"> Aqrit Remittance Imaging – 9 AIM and 4 HFP daily batches Credit Card – 28 (HFP only) days EFT – 14 (HFP only) months Western Union – 28 (HFP only) days. <p>Note that AIM payments are only accepted via Lockbox (Aqrit Remittance Imaging). all totals agreed to the totals posted in the cash receipts sub-ledger for the samples selected. The tests performed confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Control Objective 10: Controls provide reasonable assurance that policies and procedures defining required acquisition and maintenance processes have been developed and are maintained, and that they define the documentation needed to support the proper use of the applications and the technological solutions put in place.		
1. Policies and procedures have been created for the development of system specifications.	<ul style="list-style-type: none"> Reviewed the following documents: <ul style="list-style-type: none"> PP-10-05 – Handling and Control of Fast Alerts and Program Alerts PP-12-01 – Corrective and Preventive Action PP-17-00 – Information Systems Department Overview PP-17-23 – Change Action Request (CAR) WI-17-10-01 – System Code Migration Procedure SRS documents for the relevant CARs selected from the random sample 	No relevant exceptions were noted. The documentation reviewed confirms management's description.

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. System development policies and procedures are regularly reviewed, updated, and approved by management.	<ul style="list-style-type: none"> Reviewed the following documents: <ul style="list-style-type: none"> PP-12-02 – ISO 9000 Internal Quality Audits PP-12-09 – Key Process Reviews PP-10-01 – Document Creation and Control Conducted corroborative inquiries of the QA and Training Director and the QA Manager regarding the: <ul style="list-style-type: none"> Policy and procedure review process Reporting and tracking of the policy and procedure update process Inspected two (2) months of Key Process Review reports. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted that all policies, procedures and work instructions are reviewed, updated and approved at least every six months via the Key Process Review Procedure.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted that the policies, procedures, and work instructions were updated since the (2) months of reports were issued.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
3. Project management ensures that its systems and applications are developed in accordance with supported, documented policies and procedures.	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-10-05 – Handling and Control of Fast Alerts and Program Alerts PP-12-01 – Corrective and Preventive Action PP-17-00 – Information Systems Department Overview PP-17-23 – Change Action Request (CAR) WI-17-10-01 – System Code Migration Procedure <i>Reviewed</i> a sample of CARs during the audit period to trace through their respective processes. <i>Inquired</i> of the appropriate management regarding policies and procedures that govern systems and application development efforts. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Control Objective 11: Controls provide reasonable assurance that system changes of operational significance are appropriately tested and authorized before movement into production.		
1. Requests for program changes, system changes and maintenance (including changes to system software) are standardized, documented and subject to formal change management procedures.	<ul style="list-style-type: none"> • <i>Inspected</i> the following documents: <ul style="list-style-type: none"> ▪ PP-17-23 – Change Action Request (CAR) ▪ PP-12-09 – Key Process Reviews ▪ PP-12-01 – Corrective and Preventive Action ▪ WI-17-10-01 – System Code Migration Procedure • <i>Conducted corroborative inquiries</i> of the Technical Infrastructure Manager, Software Engineering Manager, and the Senior Manager of Compliance. • <i>Inspected</i> a sample of problem statements from the audit period. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. Obtained and selected a sample of sixty-two (62) problem statements for which twenty-three (23) CARs were selected and traced to their respective documentation. Documentation was complete for all closed CARs in the sample. The tests performed confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. Emergency change requests are documented and subject to formal change management procedures.	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-17-14 – CAHFP Infrastructure Change Control Process Overview PP-10-05 – Handling and Control of Fast Alerts and Program Alerts PP-17-23 – Change Action Request (CAR) <i>Conducted corroborative inquiries</i> of the Director of IS and the Application Development Manager. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>
3. Controls are in place to restrict migration of programs to production only by authorized individuals.	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-17-10 – System Code Migration Procedure WI-17-10-01 – System Code Migration Procedure <i>Inquired</i> of the Software Engineering Manager regarding the process of migration to production. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

II. Computer Operations Controls		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. IT Management ensures that setup and implementation of system software do not jeopardize the security of the data and programs being stored on the systems.	<ul style="list-style-type: none"> Conducted corroborative inquiries of the Software Engineering Manager and the DBAs from the Oracle Financials and system areas regarding the controls in place to assure that setup and implementation of system software do not jeopardize the security of the data and programs being stored on the systems. Reviewed relevant CARs from the sample selected. CARs were traced through the recovery procedure. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. Obtained and selected a sample of sixty-two (62) problem statements for which twenty-three (23) CARs were selected and traced to their respective documentation. Documentation was complete for all closed CARs in the sample. The tests performed confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Input Controls		
Control Objective 12: Input controls provide reasonable assurance that: <ul style="list-style-type: none"> • Originating HFP and AIM source data enters into the system through trained and authorized persons, and that data preparation procedures are established and followed to minimize errors and omissions, and to allow the input of only valid data into the system. • Authorized source documentation and data is complete and accurate, properly accounted for, and transmitted in a timely manner. • Error handling procedures detect errors and irregularities and report them for corrective action. • Source documents are retained and available for reconstruction and legal compliance. 		
1. Written procedures and work instructions establish business-related functional process flows and define job tasks. Personnel receive procedure training.	<ul style="list-style-type: none"> • <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> ▪ PP-03-01 – SPE Data Entry ▪ PP-05-02 – Case Correction Request ▪ WI-02-02-02 – Initial Receipt and Determination ▪ WI-02-02-01 – Missing Info for HFP Apps • <i>Inquired</i> of appropriate personnel regarding training procedures. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. Personnel are organized by function and provided access to information systems in terms of job needs. Critical input functions are separate from critical processing functions. Approval and review processes are constructed to match authority levels, provide cross-functional oversight, and ensure contractual performance.	<ul style="list-style-type: none"> • <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> ▪ PP-03-01 – SPE Data Entry ▪ PP-05-02 – Case Correction Request ▪ WI-02-02-02 – Initial Receipt and Determination ▪ WI-02-02-01 – Missing Info for HFP Apps • <i>Observed</i> the data entry and review process for all levels according to the workflow in PP-03-01 – SPE Data Entry. • <i>Inquired</i> of appropriate personnel regarding segregation of duties between individuals performing data entry and performing approval and review processes. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<p>3. Through a multi-tiered system design, logical and physical segregation restricts data input functions to only authorized personnel. Configuration of online work queue systems limit access to only authorized personnel. Access for the system is controlled through three levels: application privilege is granted by role, database access is controlled by DBA assignment (locked or open), and the operating system administrator will require a user profile for identification setup.</p>	<ul style="list-style-type: none"> • <i>Obtained and reviewed</i> the access rights information for the system. Noted that the design of the system provides different access rights based upon the users position. • <i>Inquired</i> of Technical Infrastructure Manager regarding access for the system is controlled through three levels: application privilege is granted by role, database access is controlled by DBA assignment (locked or open), and the operating system administrator will require a user profile for identification setup. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. Automation is used for preparing documentation and entering data to minimize errors entering or occurring in the system.	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-01-06 - Mail Operations Incoming Nonconforming Product PP-03-01 – SPE Data Entry PP-05-02 – Case Correction Request WI-01-03-03 - Document Imaging WI-01-03-04 - Mail Operations Request for Information (RFI) Process WI-02-02-02 – Initial Receipt and Determination <i>Observed</i> the mailroom processing of documents. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The observations were consistent with management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
5. Configuration of online work queue systems route prioritized data and jobs to appropriate personnel.	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-03-01 – SPE Data Entry PP-05-02 – Case Correction Request WI-02-02-02 – Initial Receipt and Determination WI-02-02-01 – Missing Info for HFP Apps <i>Tested</i> a sample selected and traced from applications documented for the Data Entry Specialists activity log to the appropriate work queue. <i>Observed</i> the workflow process for the relevant applications as defined in document PP-03-01 – SPE Data Entry. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. A sample of fifteen (15) applications documented in the Data Entry Specialists activity log were selected and traced to the work queue. All entries selected could be traced to the appropriate work queue. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
6. Unique system-generated document control numbers are created through interactive user input with the system.	<ul style="list-style-type: none"> <i>Reviewed</i> the following document WI-01-03-03 – Document Imaging <i>Observed</i> the document imaging process and the auto assignment of DCN numbers to the documents scanned. 	<p>No relevant exceptions were noted. The document reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>
7. Data flow is monitored through manual and application processes.	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-01-03 – Mail Operations – Incoming PP-01-06 – Mail Operations Incoming Nonconforming Product WI-01-03-02 – Prepare Documents for Scanning WI-01-03-03 – Document Imaging WI-01-03-04 – Mail Operations Request for Information (RFI) Process <i>Observed</i> the flow and reconciliation of reports and logs. <i>Inquired</i> of appropriate personnel regarding the process workflow system, work queues and monitoring. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
8. The system application uses GUI (Graphical User Interface) predefined forms, embedded interactive feedback, validation, and edit checks.	<ul style="list-style-type: none"> • <i>Observed</i> several system screens utilized by the Data Entry, Eligibility, and Case Corrections departments. 	No relevant exceptions were noted. The procedures observed were consistent with management's description.
9. Data enters the system close to the originating source.	<ul style="list-style-type: none"> • <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> ▪ PP-03-01 – SPE Data Entry ▪ PP-05-02 – Case Correction Request ▪ WI-02-02-02 – Initial Receipt and Determination ▪ WI-02-02-01 – Missing Information for HFP Applications • <i>Inquired</i> of the Data Entry Supervisor regarding the data entry workflow documented in PP-03-01 – SPE Data Entry. • <i>Observed</i> the SPE entry process with several data entry operators. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>Noted the entry information is obtained from the scanned application and documentation that was submitted.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
10. Originating data and source documentation stored for retention needs. The Folsom facility's second floor serves as a storage area for hard documents, stored by DCN; electronic data is stored at Iron Mountain.	<ul style="list-style-type: none"> • <i>Reviewed</i> the retention and storage provisions in the contract with the State. <ul style="list-style-type: none"> ▪ Noted the contract requires a twelve (12) month period for original contracts to be retained. ▪ Letter of Instruction 07-10 – Records Retention, changed the retention period from one (1) year to three (3) months. • <i>Inquired</i> of the Mail Operations Manager regarding the storage and retention policy. • <i>Observed</i> the storage facility and filing process. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Processing Controls		
<p>Control Objective 13: Processing controls provide reasonable assurance that:</p> <ul style="list-style-type: none"> • Data is posted to the correct files, completely and accurately. • Unauthorized changes to data are prevented. • Database files remain complete and accurate until changes occur as a result of authorized processing. • Procedures assure that balancing of data is made with relevant control totals. Transaction processing can be traced effectively to reconcile disrupted data. • Continued integrity of stored data. • Procedures establish development standards, as appropriate, for electronic transaction integrity and authenticity (atomicity, consistency, isolation, and durability). 		
1. Written procedures and work instructions establish business-related functional process flows and define job tasks. Personnel receive procedure training.	<ul style="list-style-type: none"> • <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> ▪ PP-03-01 – SPE Data Entry ▪ PP-05-02 – Case Correction Request ▪ WI-02-02-02 – Initial Receipt and Determination ▪ WI-02-02-01 – Missing Information for HFP Applications • <i>Observed</i> the SPE entry process with several data entry operators. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. Personnel are organized by function and provided access to information systems in terms of job needs. Critical input functions are separate from critical processing functions. Approval and review processes are constructed to match authority levels, provide cross-functional oversight, and ensure contractual performance.	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-03-01 – SPE Data Entry PP-05-02 – Case Correction Request WI-02-02-02 – Initial Receipt and Determination WI-02-02-01 – Missing Information for HFP Applications Data Entry Specialists activity log DE CWD QC Spreadsheet Data Entry QA Worksheet <i>Observed</i> the entire application entry process. Traced a sample through the process. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The observations and testing confirms management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<p>3. Functional Quality Control (QC) Processes are in place and documented. Internal QC is performed by each unit. External QC is performed by the Quality Assurance department.</p>	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-03-01 – SPE Data Entry PP-05-02 – Case Correction Request WI-02-02-02 – Initial Receipt and Determination WI-02-02-01 – Missing Information for HFP Applications Data Entry Specialists activity log DE CWD QC Spreadsheet Data Entry QA Worksheet <i>Inquired</i> of the Data Entry Supervisor regarding the process defined in PP-03-01 – SPE Data Entry. <i>Tested</i> a sample off SPE entries by tracing them through the data entry process to the final eligibility determination. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The observations and testing confirms management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. Processing reviews 100% of denials, CWD applications, and new applications.	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-03-01 – SPE Data Entry PP-05-02 – Case Correction Request PP-12-14 – Quality Assurance Plan WI-02-02-02 – Initial Receipt and Determination WI-02-02-01 – Missing Info for HFP Applications WI-05-01-03 – Program Reviews WI-03-01-05 – CWD Referrals WI-03-01-06 – Income Documentation DE CWD QC Spreadsheet Data Entry QA Worksheet <i>Inquired</i> of the Data Entry Supervisor regarding the process defined in PP-03-01 – SPE Data Entry. <i>Tested</i> a sample of the SPE entries for notation of approval and appropriate disposition. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>A sample of fifteen (15) SPE applications were selected and traced through to final disposition. All eligibility determinations were appropriate and those with low income were forwarded to CWD as appropriate. The tests performed confirm management's description.</p>

[illegible]

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
6. Batch control and notification is used for the nightly (daily) batch update and posting of transaction records.	<ul style="list-style-type: none"> <i>Inquired</i> of the Director of IS and the Technical Infrastructure Manager. <i>Tested</i> the batch updates for deposits. 	<p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that nightly batch processes send notifications of failures, issues and successes to responsible individuals based on the batch process involved.</p> <p>No relevant exceptions were noted. A sample was selected and batch footed for:</p> <ul style="list-style-type: none"> ▪ Aqrit Remittance Imaging – 9 AIM and 4 HFP daily batches ▪ Credit Card – 28 (HFP only) days ▪ EFT – 14 (HFP only) months ▪ Western Union – 28 (HFP only) days. <p>The tests performed confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<p>7. When it is necessary to perform case corrections in special cases, controls exist via special system user interfaces. Specially assigned trained users possess special roles with higher privilege (super user) for accessing cases using separate data entry forms available to correct the cases. These users are separate from data entry or eligibility staff. All accesses to cases are noted automatically and recorded in a table.</p>	<ul style="list-style-type: none"> • <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> ▪ PP-17-23 – Change Action Request CAR ▪ PP-12-17 – EOM Disenrollment Quality Analysis Plan ▪ PP-05-02 – Case Correction Request ▪ WI-05-02-04 – Reinstate with Capped Enrollment ▪ WI-05-02-01 – Generating a Financial Request ▪ WI-05-02-02 – Add A Person- No Effective Date ▪ WI-05-02-03 – AER only give one month due to CE • <i>Tested</i> the case corrections file for the audit period. • <i>Inquired</i> of appropriate personnel regarding Case Corrections and Clean ups. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted evidence that there are independent controls around Case Corrections and Clean Ups.</p> <p>No relevant exceptions were noted. A random sample of seventy-one (71) case corrections were selected and traced to their respective disposition. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
8. A dedicated Research and Appeals unit is responsible for customer interface regarding all disputes.	<ul style="list-style-type: none"> <i>Reviewed</i> the following documents: <ul style="list-style-type: none"> PP-05-01 – HFP Appeals WI-05-01-01 – Appeals Process WI-05-01-04 – Billing Disputes WI-05-01-05 – Case Chronologies <i>Inquired</i> of the Manager of Research and Appeals. <i>Tested</i> a sample of the appeals letter process for two selected months during the audit period. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description. A random sample of sixty-four (64) letters were selected and traced from the audit period.</p>
9. Daily back-ups are performed and regularly tested. Rotation methods are documented and practiced and a log is maintained. Storage of media is maintained at the Iron Mountain location.	<ul style="list-style-type: none"> <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> The backup procedures followed for each system The backup logs noting any errors or warnings <i>Observed</i> a test restore that was performed and recorded a successful result. <i>Reviewed</i> rotation practices (performed during the visit to the off-site storage facility). 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> • <i>Obtained and reviewed</i> the log of items stored at the off-site storage facility. • <i>Compared</i> a sample of the log of items stored at the facility with the items present at the facility. • <i>Inquired</i> of IT support personnel to determine backup procedures. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Output Controls		
<p>Control Objective 14: Output controls provide reasonable assurance that:</p> <ul style="list-style-type: none"> Procedures define handling and retention of output. When negotiable instruments are produced, special care should be taken to prevent misuse. Procedures define and assure appropriate distribution of IT output. Procedures are communicated for physical and logical access to output. Confidentiality of output is defined and taken into consideration in the procedures. Procedures assure that both provider and user review output for accuracy and that procedures control errors contained in output. Physical access to output printers and storage areas is restricted to authorized personnel. 		
1. Written procedures and work instructions establish business-related functional process flows and define job tasks. Personnel receive procedure training.	<ul style="list-style-type: none"> <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> SPE Data Entry Case Correction Request Initial Receipt and Determination Missing Info for HFP Applications 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted that documented business and functional procedures do exist.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. Personnel are organized by function and provided access to information systems in terms of job needs. Critical input functions are separate from critical processing functions. Approval and review processes are constructed to match authority levels, provide cross-functional oversight, and ensure contractual performance.	<ul style="list-style-type: none"> • <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> ▪ SPE Data Entry ▪ Case Correction Request ▪ Initial Receipt and Determination ▪ Missing Info for HFP Applications • <i>Observed</i> in a walk through the data entry and review process with all levels according to the workflow in SPE Data Entry. • <i>Inquired</i> of all levels the data entry and review process according to the workflow in SPE Data Entry. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that segregated functional activities and personnel exist.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<p>3. System Software Design provides field defaults, field locking and field choices which control data integrity for data output. This is achieved through the System:</p> <ul style="list-style-type: none"> • Triggers • Letter file generation • Filtered date-driven restrictions • 2D Barcode (KP Corp) 	<ul style="list-style-type: none"> • <i>Observed</i> the Data Entry and Eligibility processes. 	<p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>Noted the use of triggers for letter file generation. Also noted the use of filter for date validity and the use of 2D barcode.</p>
<p>4. Batch Control exists within the System using Online 24X7 monitoring with a dedicated IT technician for batch jobs. The Batch Control is used for the following:</p> <ul style="list-style-type: none"> • Outbound letter files • Mail count comparisons • Reporting of pdf images (counts) • Capitation calculation and preparation of 820 and 834 files. 	<ul style="list-style-type: none"> • <i>Reviewed</i> various documentation including: <ul style="list-style-type: none"> ▪ Capitation Processing ▪ Mail Operations – Outgoing ▪ Mail Operations – Incoming ▪ Printing for the Daily Letter Production ▪ Inserting Daily Letter Production with Bell & Howell Inserter ▪ CWD Pulls • <i>Observed</i> procedure for mail count comparisons noting standard procedures exist and are being used. 	<p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
5. Output makes use of pre-designed forms and letters that have been approved by the MRMIB and are stored in QMS.	<ul style="list-style-type: none"> <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> Mail Ops Outgoing Printing for the Daily Letter Production Daily Letter Production Report <i>Inspected</i> a sample of letter formats used for the appeals process. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<p>6. Error Handling – procedures are in place for the handling of -</p> <ul style="list-style-type: none"> Returned mail Letter Exceptions 834 and Capitation file exceptions 	<ul style="list-style-type: none"> <i>Reviewed</i> various documentation including: <ul style="list-style-type: none"> 834 Exception Processing Monitoring and Control of Nonconforming Product in Information Systems Prepare Documents for Scanning <i>Observed</i> the process that returned mail is sent through noting that mail is bound into groups and hand counted. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>
<p>7. Activity Reporting and Monitoring includes a set of predefined procedures for developing reports and routine report generation for monitoring output and performance.</p>	<ul style="list-style-type: none"> <i>Reviewed</i> various documentation including: <ul style="list-style-type: none"> Report Development EOM Reporting Plan Daily Letter Production Report Ad Hoc Request <i>Inquired</i> of Human Resources, Program Director and the Central Operations Director as to the procedures for activity reporting and monitoring. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted a set of predefined procedures for the development of reports for the monitoring of output and performance.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
8. Health Plan Capitation - The system is computing the correct amount of capitation based upon the rate tables provided by the MRMIB. The total capitation amounts reported to the MRMIB are correctly computed.	<ul style="list-style-type: none"> • <i>Re-computed</i> capitation for the health plans independently from the system using generalized audit software tools. • <i>Compared</i> the capitation amounts computed independently to those computed by the system and reported in the 820 files for the period. 	<p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>Also noted that due to a change per policy # 07-02, if an AIM child is enrolled only for 1 month, either the first or second month, the full lump sum capitation will be recorded. This change was noted by the testing performed (85 times from the period July 1, 2007).</p>
9. Prescribed capitation rates are being correctly used to compute capitation.	<ul style="list-style-type: none"> • <i>Traced</i> the HFP provider rates obtained independently from the MRMIB to those used for computation of capitation in the system. 	No relevant exceptions were noted. The tests performed confirm management's description.

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> <i>Traced</i> the Access for Infants and Mothers (AIM) provider rates obtained independently from the MRMIB to those used for computation of capitation in the system. 	<p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>Also noted that due to a change per policy # 07-02, if an AIM child is enrolled only for 1 month, either the first or second month, the full lump sum capitation will be recorded. This change was noted by the testing performed (85 times from the period July 1, 2007).</p>
10. Capitation calculations provide for the correct allocation for allowable program funding. This includes the allocation and summarization based on the abortion supplement and the participant's legal immigration status.	<ul style="list-style-type: none"> <i>Tested</i> the system database for participants identified as "Legal Immigrants". The participants identified as Legal Immigrants were used to recompute capitation using generalized audit software and agree to the "Funding Split Report" for a sample of months. 	<p>No relevant exceptions were noted. The tests performed confirm management's description.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> • <i>Tested</i> the system database for the allocation of capitation for abortion. Used the rate allocated for abortion supplement per the rate tables obtained independently from the MRMIB. Recomputed the capitation amount allocated to State funding for the abortion supplement using generalized audit software. Traced the recomputed amount to the "Funding Split Report" for a sample of months. • <i>Compared</i> the immigrant status against the supporting documentation for capitation for a sample of the participants identified in the system database as "Legal Immigrants". 	<p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>Eighteen (18) exceptions were noted where the capitation amount was allocated to State funding but should have been allocated to federal funding. No exceptions were noted where the capitation amount was allocated to federal funding and should have been allocated to state funding. The sample size was one-hundred and five (105) cases resulting in a 17% exception rate. Per Letter of Instruction number 06-74 – Date of Entry Field for Eligible Qualified Immigrants received August 25, 2006 from the MRMIB, MAXIMUS was instructed to alter the allocation computation to assure a conservative allocation where any potential</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
		<p>error would be to State funds. Noted that the differences appeared reasonable and resolved within the Organization's guidelines based upon Letter of Instruction number 06-74 – Date of Entry Field for Eligible Qualified Immigrants.</p> <p>MAXIMUS Response: MRMIB sent LOI 08-07: Processing U.S. Citizenship and Eligible Qualified Immigrant Documentation, which MAXIMUS received on March 25, 2008. This LOI provided additional direction to MAXIMUS on how to handle and process U.S. citizenship and eligible qualified immigrant documentation. It provided additional direction to what was previously given in LOI 06-74. Problem Statement #43303 has been generated for staff training and system enhancements.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
11. Capitation and any necessary recoupments are computed and reported accurately for eligible participants in the Program. Reporting (820 files) includes accurate detailed information submitted to the MRMIB.	<ul style="list-style-type: none"> Traced a sample of capitation eligibility sample detailed participant information to the enrollment form image retained in the system. Attributes to be examined include: <ul style="list-style-type: none"> Age on application agrees to 820 age category code; County of residence agrees to 820 County code; Income and family size on the application qualify client for HFP and/or AIM; Plans selected per application or other documentation agree to the appropriate 820 capitation files; and Citizenship or immigration documentation is appropriately stored in the case file. If the client qualifies as a "Legal immigrant" per definition, the participant is properly accounted for in the "Funding Split Report". I.e. trace to the query results for the Legal immigrant for the capitation funding split. 	<p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>Noted that all the detailed information contained in the 820 files for the 48 cases selected at random for the period from December 1, 2006 to February 29, 2008, agreed to the information contained in the case management system including document images. Also noted that the participant eligibility determination agreed with the determination performed manually during the testing.</p>

III. HFP and AIM – Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> Manually calculated eligibility based on the information contained on the application form. 	
12. Recoupments and replacements are performed accurately and for legitimate reasons.	<ul style="list-style-type: none"> <i>Reviewed</i> recoupments and the associated replacements (if appropriate) included in the in the 820 capitation files during the period from December 1, 2006 to February 29, 2008. Performed the following: <ul style="list-style-type: none"> Evaluated the purpose for the recoupment for appropriateness. Recomputed the recoupment for accuracy. Evaluated the purpose of the replacement for appropriateness. Recomputed the accuracy of the replacement. 	No relevant exceptions were noted. The tests performed confirm management's description.

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Input Controls		
Control Objective 15: Input controls provide reasonable assurance that: <ul style="list-style-type: none"> • Originating HFP and AIM source data enters into Oracle Financials through trained and authorized persons, and that data preparation procedures are established and followed to minimize errors and omissions, and to allow the input of only valid data into the system. • Authorized source documentation and data is complete and accurate, properly accounted for, and transmitted in a timely manner. • Error handling procedures detect errors and irregularities and report them for corrective action. • Source documents are retained and available for reconstruction and legal compliance. 		
1. Written procedures and work instructions establish business-related functional process flows and define job tasks. Personnel receive procedure training.	<ul style="list-style-type: none"> • <i>Reviewed</i> various documentation including: <ul style="list-style-type: none"> ▪ Accounts Payable Reconciliation with GL documentation ▪ Accounts Receivable Reconciliation with the GL documentation ▪ Applicable Business Rules • <i>Inquired</i> of Training Management as to the training employees must complete with respect to their position. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. Personnel are organized by function and provided access to information systems in terms of job needs. Critical input functions are separate from critical processing functions. Approval and review processes are constructed to match authority levels, provide cross-functional oversight, and ensure contractual performance.	<ul style="list-style-type: none"> • <i>Reviewed</i> organizational charts and QMS policies for completeness and evidence of segregation of functional activities and personnel. • <i>Inquired</i> of appropriate management personnel regarding segregation of duties. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>
3. Access and Security includes the granting of access rights to the financial application based on job responsibilities and approval by the application owners via a multi-tiered system design	<ul style="list-style-type: none"> • <i>Obtained and reviewed</i> the access lists for Oracle Financials. • <i>Inquired</i> of the Project Controller noting that authorization is based on the application owner. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>Noted that access rights to the financial applications are based on the job responsibilities.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. Automated Input Systems are utilized where possible.	<ul style="list-style-type: none"> <i>Observed</i> data entry functions with regards to automated Input Systems. <i>Inquired</i> of appropriate management personnel noting that transactions failing edit and validation routines are posted to a suspense file. Automated input to systems is controlled. 	<p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
5. Documented procedures for the correction of errors and out-of-balance conditions and entry of overrides exist and are effectively communicated to appropriate personnel.	<ul style="list-style-type: none"> Reviewed various documentation including: <ul style="list-style-type: none"> Processing Premium Adjustments Accounts Payable Reconciliation with GL Accounts Receivable Reconciliation with the GL 	No relevant exceptions were noted. The documentation reviewed confirms management's description.
6. Configuration of online work queue systems route prioritized data and jobs to appropriate personnel.	<ul style="list-style-type: none"> Reviewed various documentation including: <ul style="list-style-type: none"> AIM Processing documentation HFP Processing documentation DE CWD QC Process documentation Oracle Financials Systems EFT Process documentation 834 File Processing documentation 	No relevant exceptions were noted. The documentation reviewed confirms management's description.

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
7. Data flow is monitored through manual and application processes.	<ul style="list-style-type: none"> <i>Inquired</i> of the Project Controller as to the procedures in place for online data monitoring. <i>Obtained and reviewed</i> a copy of the non-conformance log for completeness noting conformity with stated policy. 	<p>No relevant exceptions were noted. The inquiry confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>
8. Data enters system close to originating source.	<ul style="list-style-type: none"> <i>Reviewed</i> process maps and noted that with the exception of manual adjustments all data enters Oracle Financials via batch process from outside sources: <ul style="list-style-type: none"> Cash Receipts – Lockbox, and EFT Invoicing – Updated from the system Refunds – Updated from the system <i>Inquired</i> of the Project Controller that these are all close to the originating source of the transaction. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiry confirms management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
9. Originating data and source documentation are stored for retention needs. The Folsom facility's second floor serves as a storage area for hard documents; electronic data is stored at Iron Mountain.	<ul style="list-style-type: none"> • <i>Reviewed</i> storage and retention policy for completeness noting conformity with stated policy. • <i>Inquired</i> of the Central Operations Director as to the storage and retention policies and procedures. • <i>Observed</i> the storage facility and viewed filing process. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The observations were consistent with management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Processing Controls		
<p>Control Objective 16: Processing controls provide reasonable assurance that:</p> <ul style="list-style-type: none"> • Data is posted to the correct files, completely and accurately. • Unauthorized changes to data are prevented. • Database files remain complete and accurate until changes occur as a result of authorized processing. • Procedures assure that balancing of data is made with relevant control totals. Transaction processing can be traced effectively to reconcile disrupted data. • Continued integrity of stored data. • Procedures establish development standards, as appropriate, for electronic transaction integrity and authenticity (atomicity, consistency, isolation, and durability). 		
1. Written procedures and work instructions establish business-related functional process flows and define job tasks. Personnel receive procedure training.	<ul style="list-style-type: none"> • <i>Reviewed</i> Oracle Financials Systems EFT Process documentation for completeness. • <i>Inquired</i> of Training Management as to the training employees must complete with respect to their position. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
2. Personnel are organized by function and provided access to information systems in terms of job needs. Critical input functions are separate from critical processing functions. Approval and review processes are constructed to match authority levels, provide cross-functional oversight, and ensure contractual performance.	<ul style="list-style-type: none"> <i>Inquired</i> of the Project Controller as to the procedures in place. <i>Observed</i> controls in place with regards to segregation of functional activities and personnel. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<p>3. Quality assurance is performed both internally to the unit and externally by the QA department.</p> <p>In the finance area, supervisors perform quality control activities to a percentage of the work performed by their staff members.</p> <p>The QA department performs periodic QA processes on the finance area and notifies the managers of team members where there is a high error rate detected.</p>	<ul style="list-style-type: none"> <i>Inquired</i> of the Project Controller as to the procedures in place. 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p>
<p>4. Processing reviews 100% of NSF, ACH returns and Refunds.</p>	<ul style="list-style-type: none"> <i>Reviewed</i> various QMS documentation including: <ul style="list-style-type: none"> Reversal of Returned items NSF Check Reversal Refund Invoice Inquiry <p>Noted the work instructions dictate the Processing Review functions.</p> <i>Inquired</i> of the Project Controller as to the procedures in place regarding Processing Reviews of NSF and ACH returns and refunds. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
5. Standard Oracle Financials Forms (input screens) are used for interactive data entry into the financial system. Wherever possible, field verification and limits checking is performed.	<ul style="list-style-type: none"> <i>Inquired</i> of the Project Controller as to the Financial Forms used with regards to controls in the software design. <i>Observed and reviewed</i> various screens noting places of field verification and limits checking. 	<p>No relevant exceptions were noted. The inquiries confirm management's description. Noted that wherever possible, field verification and limits checking is performed.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>
6. Batch Control exists within the Oracle Financials and all interfaces with applications and data outside Oracle Financials. Batch errors are logged and logs are reviewed.	<ul style="list-style-type: none"> <i>Inquired</i> of the Project Controller as to procedures in place to obtain Batch Control. <i>Obtained and reviewed</i> a sample of dates for cash receipts from: <ul style="list-style-type: none"> Aqrit Remittance Imaging Credit Card EFT Western Union 	<p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. A sample was selected and batch footed for:</p> <ul style="list-style-type: none"> Aqrit Remittance Imaging – 9 AIM and 4 HFP daily batches Credit Card – 28 (HFP only) days EFT – 14 (HFP only) months Western Union – 28 (HFP only) days. <p>All batch footings agreed to the totals contained in the footer record for the samples selected. The tests performed confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
	<ul style="list-style-type: none"> Tested to assure that the batch total transferred agreed to the file total, then traced to the posting in Oracle Financials (for both HFP and AIM). 	<p>No relevant exceptions were noted. A sample was selected and batch footed for:</p> <ul style="list-style-type: none"> Aqrit Remittance Imaging – 9 AIM and 4 HFP daily batches Credit Card – 28 (HFP only) days EFT –14 (HFP only) months Western Union – 28 (HFP only) days. <p>Note that AIM payments are only accepted via Lockbox (Aqrit Remittance Imaging).</p> <p>All batch footings agreed to the totals contained in the footer record for the samples selected. The tests performed confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<p>7. Reconciliations are performed as follows:</p> <ul style="list-style-type: none"> Bank records are reconciled on a daily basis to appropriate Sub-Ledger activity. General Ledger Cash accounts are reconciled on a monthly basis to bank records. General Ledger Accounts Receivable and related accounts are reconciled on monthly bases to detailed records (beginning in July 2006 and retroactive to the beginning of the project). General Ledger Accounts Payable and related accounts are reconciled on monthly bases to detailed records (beginning in July 2006 and retroactive to the beginning of the Project). 	<ul style="list-style-type: none"> <i>Reviewed</i> various QMS documentation including: <ul style="list-style-type: none"> Reconciliation of the MRMIB collection Reconciliation for Refunds Accounts Payable Reconciliation with the General Ledger Accounts Receivable Reconciliation with the General Ledger <i>Conducted corroborative inquiries</i> of various staff to confirm the stated policy. <i>Tested</i> a sample of the Detailed Ledger records to the General Ledger balances. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. A sample of six (6) months of cash, accounts receivable and accounts payable sub-ledger balances were selected and traced to their respective general ledger control account balance. All were traced without exception. The tests performed confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<ul style="list-style-type: none"> General Ledger control accounts are reconciled on a monthly basis to subsidiary ledger accounts on a current and regular basis. Reconciliations are reviewed and approved on a regular basis. 	<ul style="list-style-type: none"> <i>Tested</i> a sample of the accounts receivable reconciliations and accounts payable reconciliation by tracing source information (subsidiary records) to the reconciliation and agreeing the balance amounts to the general ledger control accounts. 	<p>No relevant exceptions were noted. A sample of six (6) months of accounts receivable and accounts payable reconciliations were selected and traced to their respective source information and then the general ledger control account balances. All were traced without exception. The tests performed confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
8. Daily back-ups are performed and regularly tested. Rotation methods are documented and practiced and a log is maintained. Storage of media is maintained at the Iron Mountain location.	<ul style="list-style-type: none"> <i>Reviewed</i> various documentation including but not limited to: <ul style="list-style-type: none"> The backup procedures followed for each system. The backup logs noting any errors or warnings. <i>Observed</i> a test restore that was performed and recorded a successful result. <i>Reviewed</i> rotation practices (performed during the visit to the off-site storage facilities). <i>Obtained and reviewed</i> the log of items stored at the off-site storage facility <i>Compared</i> a sample of the log of items stored at the facility with the items present at the facility. <i>Inquired</i> of IT Support Personnel to determine backup procedures. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>No relevant exceptions were noted. The review performed confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The tests performed confirm management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
Output Controls		
<p>Control Objective 17: Output controls provide reasonable assurance that:</p> <ul style="list-style-type: none"> Procedures define handling and retention of output. When negotiable instruments are produced, special care should be taken to prevent misuse. Procedures define and assure appropriate distribution of IT output. Procedures are communicated for physical and logical access to output. Confidentiality of output is defined and taken into consideration in the procedures. Procedures assure that both provider and user review output for accuracy and that procedures control errors contained in the output. Physical access to output printers and subsequent storage areas is restricted to authorized personnel. 		
1. Written procedures and work instructions establish business-related functional process flows and define job tasks. Personnel receive procedure training.	<ul style="list-style-type: none"> <i>Obtained and Reviewed</i> the Oracle Financials Systems EFT Process document for completeness. <i>Inquired</i> of Training Management as to the various training employees must complete. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiry confirms management's description.</p>
2. Oracle Financial Software is designed with triggers and reporting.	<ul style="list-style-type: none"> <i>Inquired</i> of the Project Controller as to the various triggers and reporting of the Oracle Financial Software Design. <i>Observed</i> that the Oracle Financial Software is designed with triggers and reporting. 	<p>No relevant exceptions were noted. The inquiry confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<p>3. Refund Output Controls include:</p> <ul style="list-style-type: none"> Refund processing produces an output file (the initial run) to be used by the State of California for approval prior to the final disbursement of refund checks. Once approved, a final run is produced and an outsourced vendor file for disbursement processing is created. The sequential numbering profile option for the disbursements has been enabled and is in use to control the check numbers produced by the outsource vendor. Hash totals are used for the payment, address and client information. The Hash totals are produced during the initial run and compared to the final run. Any changes will cause the processing of the outsource vendor file to abort and the error is written to a log for further review. 	<ul style="list-style-type: none"> <i>Inspected</i> various QMS documentation including: <ul style="list-style-type: none"> Refunds (Overpayments) Reconciliations (Refunds, Voids) Returned (Un-cashed Refund) Reversing a Refund Refund Invoices Inquiry Manually Paying Refunds Manually Voiding Refunds <i>Observed</i> the refund batch processing noting conformity with stated policies. <i>Inquired</i> of appropriate personnel as to policies and procedures set in place for Refund Output Controls. <i>Verified</i> refunds and reimbursements into Oracle Financials. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The procedures observed were consistent with management's description.</p> <p>No relevant exceptions were noted. The inquiries confirm management's description.</p> <p>No relevant exceptions were noted. A sample was selected and traced into Oracle Financials. The tests performed confirm management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output		
Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
4. The Oracle Financials "Auto Invoice Process" will not run against all of the records in the open interface table creating customer invoices until a series of validations are completed.	<ul style="list-style-type: none"> <i>Inquired</i> of the Project Controller as to the process of invoicing output controls. 	No relevant exceptions were noted. The inquiry confirms management's description.
5. Error handling procedures for output exist and are followed.	<ul style="list-style-type: none"> <i>Reviewed</i> various QMS documentation including: <ul style="list-style-type: none"> Void Process for Returned Refund Checks Systems – Monitoring and Controls of Nonconforming Product <i>Inquired</i> of the Project Controller and noted that carve-out files are produced with the errors and are reviewed. 	<p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p> <p>No relevant exceptions were noted. The inquiry confirms management's description.</p>

IV. Oracle Financials – HFP and AIM - Application Controls – Input, Processing and Output

Controls Specified by MAXIMUS	Testing Performed by the Service Auditor	Results of Tests
<p>6. Activity Reporting / Monitoring includes:</p> <ul style="list-style-type: none"> Procedures for developing reports exist. Routine reports are generated for monitoring output and performance. 	<ul style="list-style-type: none"> <i>Inquired</i> of the Project Controller regarding the procedures for developing reports as well as the frequency and generation of routine reports for monitoring the output and performance. <i>Reviewed</i> routine reports produced by the system noting conformity with stated policy. 	<p>No relevant exceptions were noted. The inquiry confirms management's description.</p> <p>No relevant exceptions were noted. The documentation reviewed confirms management's description.</p>